

## MACROECONOMIC OUTLOOK OF PARAGUAY

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2023

## Macroeconomic Outlook of Paraguay January 2023

**By January, 2023 the growth projections are kept at 4.5%.**

In December, 2022, the primary sector and the energy production have had positive outcomes, however, in view of the interannual variation of the other sectors, a drop has been observed as of 2022. In this context, the GDP growth perspectives have kept at 0.2% according to the projections of the Central Bank of Paraguay (BCP). By 2023, a GDP growth is projected at 4.5%, including a significant contribution in agriculture, manufacturing products, trade and services.



### Growth projection of Paraguay

In the international context, growth projections have shown a slight reduction for 2023, according to the registries downwards concerning the main economies such as United States as well as for Latin America. Concerning the international prices of commodities, crude oil, soya and corn have registered an increase, and wheat has shown a prices' fall.

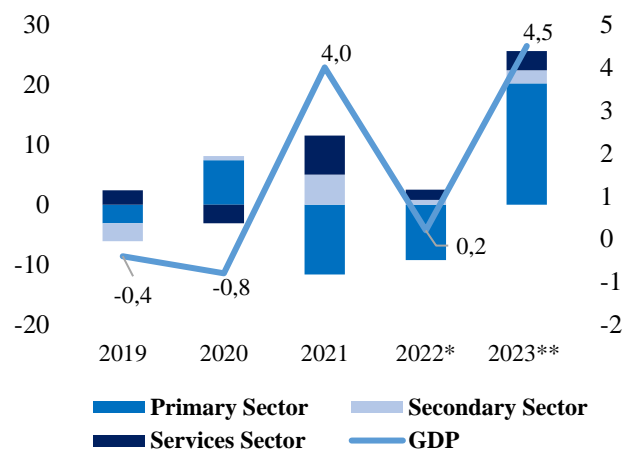
A deceleration of the economic indicators has been observed in the region in the short term, however, concerning the prices, in several countries a deceleration has been observed in the last month of 2022 and a reduction of their respective monetary policy rates, except for Peru, that

increased its monetary policy rate by 25 percentage points.

Concerning Paraguay, positive numbers for the agriculture sector are estimated as well as energy production and in a lesser ratio for the livestock sector.

Concerning the Business Figure Estimator (ECN for its acronyms in Spanish), a contraction of -0.3% interannual has been registered, mainly explained by the reduction in oil sale and construction materials' categories. On the other hand, other categories such as, clothing, pharmaceutical chemicals sales and supermarket sales, have shown a good performance through favorable outcomes.

**Chart 1:** Percentage Variation per Line of Business



\* Preliminary Figures

\*\* Projections

Source: Central Bank of Paraguay.



### Situation Analysis (BCP)



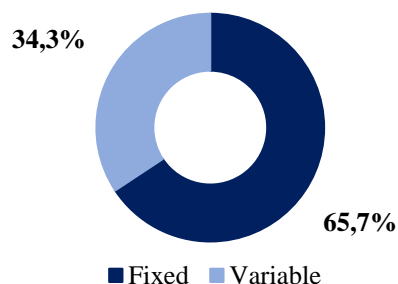
### Debt levels and structures of the Total Public Sector

The Law 1535/2000 “on the Financial Administration of the State”, in its article N° 42, establishes that the public debt shall be classified in domestic and external, and direct and indirect. The direct public debt of the Central Administration is the one assumed by such Central Administration as the main debtor. On the other hand, the indirect debt of the Central Administration is the one established by any natural and artificial, public or private person, different from such Central Administration, but which has its corresponding guarantee or security, duly authorized by law (public entities, second-tier banking, etc.)

As of January, 2023, the total public indebtedness has increased by 0.1% concerning December, 2022, thus representing 36.7% of the GDP. It is worth pointing out that 88.5% corresponds to external debt and 11.5% corresponds to the internal debt.

Concerning the **debt classification of the total public sector, according to the kind of rate as of January**, 65.7% has been acquired on a fixed rate and 34.3% on a variable rate.

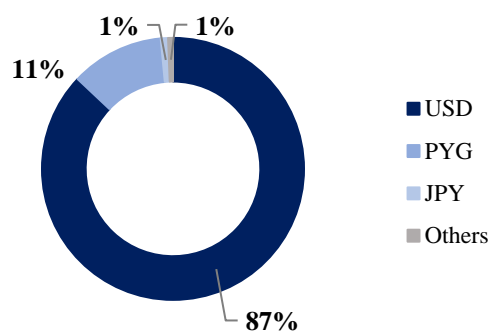
**Figure 1:** Total public debt balance according to the rate of interest



Source: Ministry of Finance

**The public debt structure per currency** presents a greater concentration in USD (87.4%), followed by the PYG (11%), JPY (0.9%) and others (0.6%). It is worth pointing out that the greater debt ratio in dollars does not represent a risk for the country since Paraguay receives income in dollars as annual royalties for the hydraulic potential use of the Parana River for the production of electricity coming for the binational entities (Itaipu and Yacyreta).

**Figure 2:** Total public debt balance per currency



Source: Ministry of Finance



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## Domestic Debt

In the domestic debt, Treasury Bonds are placed through the Central Bank of Paraguay (BCP) and the Stock and Products Market of Asuncion S.A. (BVPASA) within the regulation framework of Treasury Bonds' issuance, established by Decree N° 268/2013.

**Table 1:** Auction Schedule 2023

Date of Auction	Series 1	Series 2
	Bond as of 5 years	Bond as of 7 years
	2023BTPA-15022028	2023BTPA-15022030
Feb/14/2023	√	√
Mar/14/2023	√	√
Apr/18/2023	√	√
May/09/2023	√	√
Jun/06/2023	√	√
Jul/11/2023	√	√
Aug/08/2023	√	√
Sep/12/2023	√	√
Oct/10/2023	√	√

Source: Ministry of Finance

## Average time of debt maturity:

Due to placement in the international markets in greater terms than the ones of the domestic markets, an increase of the average maturity of the Total Public Sector Debt (ATM) has been achieved from 11.6 years (2015) to 12.3 years (April 2021). This allows a greater maneuverability margin of the public debt.

**Table 2:** Debt Average maturity. (years\*)

Years	Total Public Sector		Total Debt
	External Debt	Domestic Debt	
2015	13,2	3,5	11,6
2016	12,3	4,1	11,1
2017	11,5	4,1	10,6
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3

\* Does not include perpetual debt with the BCP.

Source: Ministry of Finance



**Strategic Guideline**

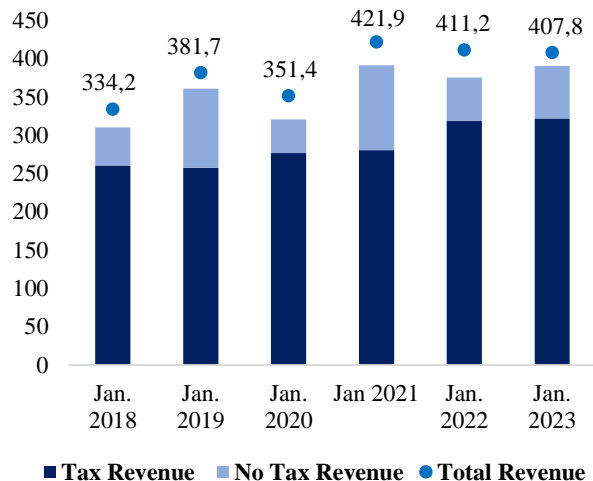
**Financial situation January 2023.** In the first month of 2023 a USD 64.9 million Dollars deficit has been registered which represents -0.2% of the GDP. Concerning the operating outcome, USD 23.1 million has been registered which represents 0.1% of the GDP.

**Total income shows a reduction of -0.8% in the first month of the year.** In the first month of the year (January, 2023), total income has reached USD 407.80 million, having a negative interannual variation of -0.8% explained by non-tax income's fall, such as social contributions and grants. On the other hand, income is mostly represented by taxes, income coming from the Bi-nationals and tax revenues, which have increased 1.1% concerning the same month of the previous year. They correspond to the collection of the Sub-secretariat of State of Taxation (SET) as well as the National Directorate of Customs (DNA); the mentioned increase compensates the registered fall in social contributions and grants; in addition, other income has increased by 20.6% concerning January, 2022.



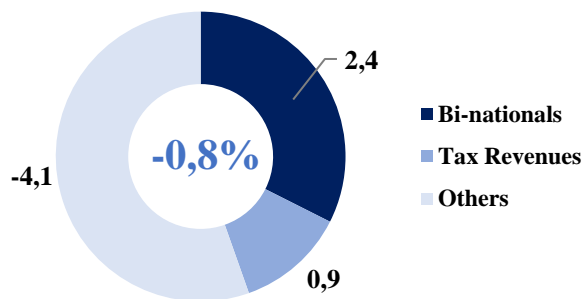
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**Chart 2:** Income accrued as of January, 2023, in million Dollars.



Source: Ministry of Finance SITUFIN (2023).

**Chart 3:** Income components in percentage

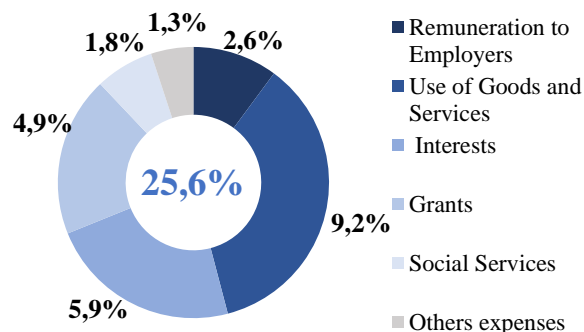


Source: Ministry of Finance SITUFIN

**The total expense shows an accrued increase of 25.6%.**

As of January, 2023, there has been a 25.6% increase of the total expense concerning January 2022. The growth is mostly explained by medicines' purchase, payment of interests, transfers to municipalities and remunerations' adjustment.

**Figure 3:** Composition of percentage accrued expenses as of January, 2023.



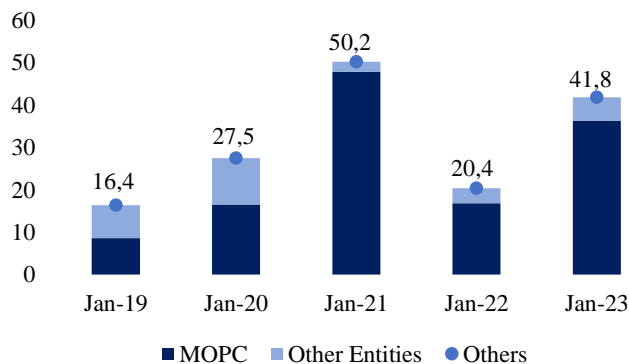
Source: Ministry of Finance

**SITUFIN January 2023**

**Investment Level as of January 2023:**

The placement level of public investment in the first month of 2023 has registered a greater average than the ones of the last 5 years, presenting 3.7% of placement and therefore, the strategic investment aimed at the economic recovery according to the fiscal convergence plan has been kept.

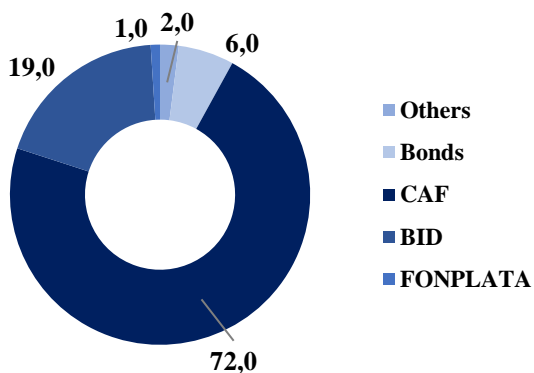
**Chart 4:** Accrued Investment, percentage variation



Source: Ministry of Finance

**Investment of the MOPC per financing organism.** As of January, 2023, the investment of the Ministry of Public Works and Communications (MOPC) shows the following figures, concerning financing organisms: USD 2.0 million corresponding to Bonds; USD 7.0 million of the Inter American Bank of Development (BID); USD 26.0 million of the Andean Development Corporation (CAF); USD 0.4 million of FONPLATA; and USD 0.9 million coming from other organisms, representing an interannual variation of USD 36.3 million concerning the total investment.

**Figure 4:** Investment percentage in MOPC, per financing organism

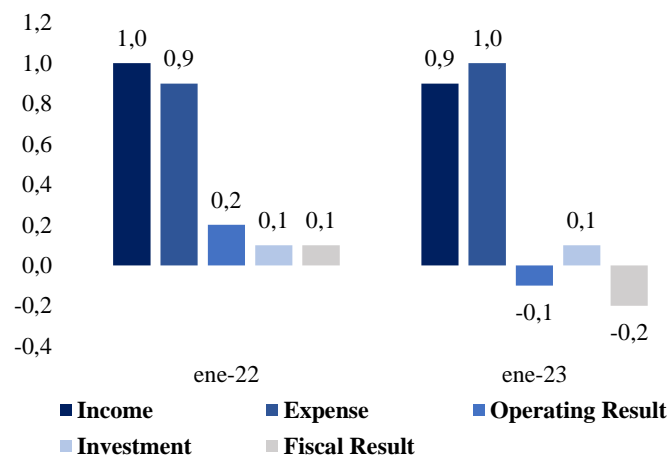


Source: Ministry of Finance

### Fiscal Indicators in GDP percentage, January, 2023

As of the first month of 2023, there has been a fiscal outcome of -0.1 of the GDP, having an investment level of 0.1%, and being the annualized fiscal outcome -0.2% of the GDP, below the 0.1% reached in January 2022.

**Chart 5:** Fiscal Indicators in GDP percentage



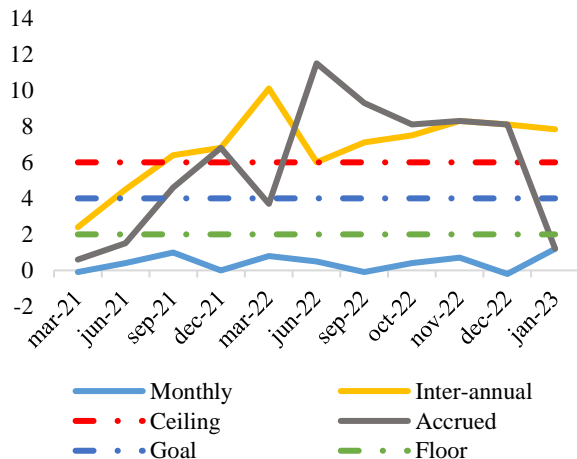
Source: Ministry of Finance

### Inflation has been reduced by 7.8% in the first month of 2023.

In December, 2022 inflation has closed at 8.6%, however, in January, 2023 there has been a -0.8% variation thus having an inflation of 7.8% in the first month according to data of the statistic schedule of the economic report of the BCP. On the other hand, the monthly inflation has shown an increase from -0.2% to 1.2% concerning the previous month, as the price reduction of the most volatile products was moderate.



**Chart 6:** Inflation as of January, 2023, in percentage



Source: Central Bank of Paraguay

**The Rate of Interest of the Monetary Policy stands at 8.5%**

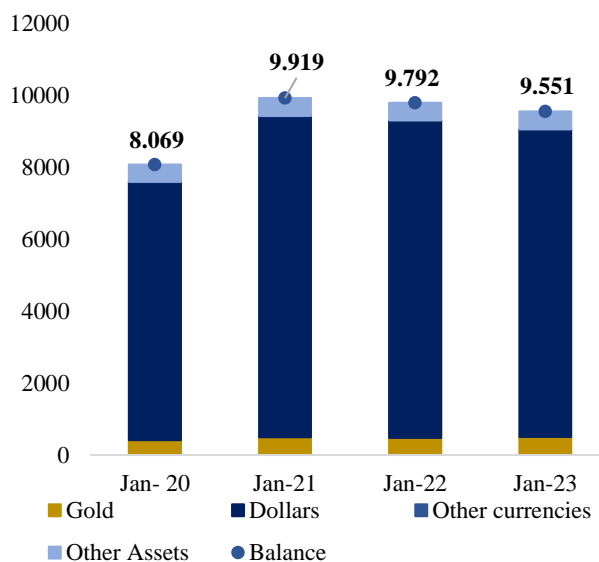
The Monetary Policy Committee (CPM) decided to keep the Monetary Policy Rate (TPM) at 8.5%. The CPM has emphasized the persistent price restraint of commodities as well as lower perspectives of economic growth for 2023 in the region and at a global level as well. The domestic economy shows an interannual variation of 1.6% in the Monthly Indicator of Economic Activity, mainly fostered by agriculture and electricity generation, and in a lesser extent, by livestock. Likewise, it is expected that the contractive profile of the monetary policy contributes to the gradual convergence of inflation aiming at the goal by the end of the year 2023.



**Net International Reserves**

The Net International Reserves stock has reached a USD 9,550.9 million balance as of January, 2023, showing a negative variation of -1.7% concerning December, 2022 and consists of USD 506.4 million corresponding to Gold; USD 8546.0 million Dollars; USD 1.5 million in other currencies and USD 496.9 concerning other assets.

**Chart 7:** RIN composition, in million Dollars.



Source: Own preparation based on data of the BCP (2023).



**Balance of Trade**

As of January 2023, foreign trade figures (Exports plus Imports) represents USD 2.303.213, showing an 18.9% variation concerning January 2022.

Total exports accrued as of January 2023, were USD 1.036.016, having a 29.9% variation concerning the same month of 2022.

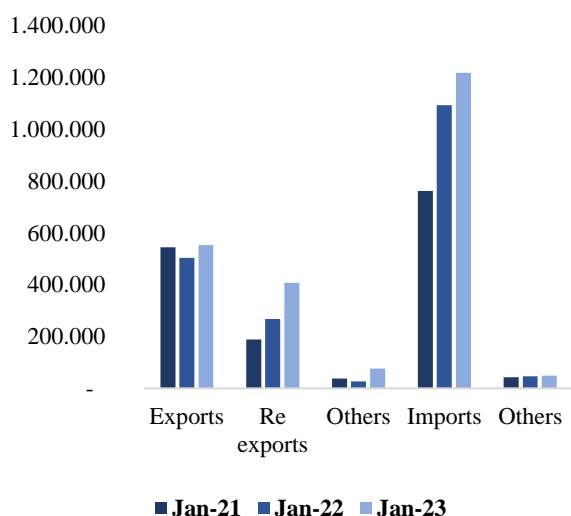


Total exports accrued as of January 2023, were USD 1.036.016, having a 29.9% variation concerning the same month of 2022.

Concerning total imports accrued as of January 2023, they have amounted to a total of USD 1.267.197, representing an interannual variation of 11.2% concerning January 2022.

The balance of trade as of January 2023, registered a deficit of USD -231.181 representing an inter-annual variation of -32.5% concerning the same month of the previous year.

**Chart 8:** Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay

### Credit Perspective of Paraguay

Paraguay has managed to keep the country risk rating with the three credit rating agencies (Standard & Poor's (S&P), Moody's Investors Service (Moody's) and Fitch Rating (Fitch)). These confirmations are given between three years of international and national contexts affected by external and internal shocks such as the price fall of raw material, pandemic by Covid-19, price rise in fuels and drought that affected the country between 2019 and 2020.

**Table 3:** Sovereign Risk Rating 2022.

Risk Rating Agency	Rate	Perspective	Last Review
<i>S&amp;P</i>	BB	Stable	18-may-2022
<i>Moody's</i>	Ba1	Positive	04-aug-2022
<i>Fitch</i>	BB+	Stable	22-nov-2022

Source: Ministry of Finance (2022)

The risk rating agencies mention that Paraguay had a government strategy including the advances in the structure reforms that has contributed to keep the risk ratings of the country low in an uncertainty international context. Such reforms include the strengthening of the fiscal institutionality, which have helped to reinforce the credibility in the macroeconomic policies.

**Credit Regional Perspective Growth**





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 [Statistic Schedule of the Economic Report](#)

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 [Direct Investment](#)

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### Sustainable Development Objectives (ODS)

 [Sustainable Paraguay](#)

 [ODS Objectives](#)

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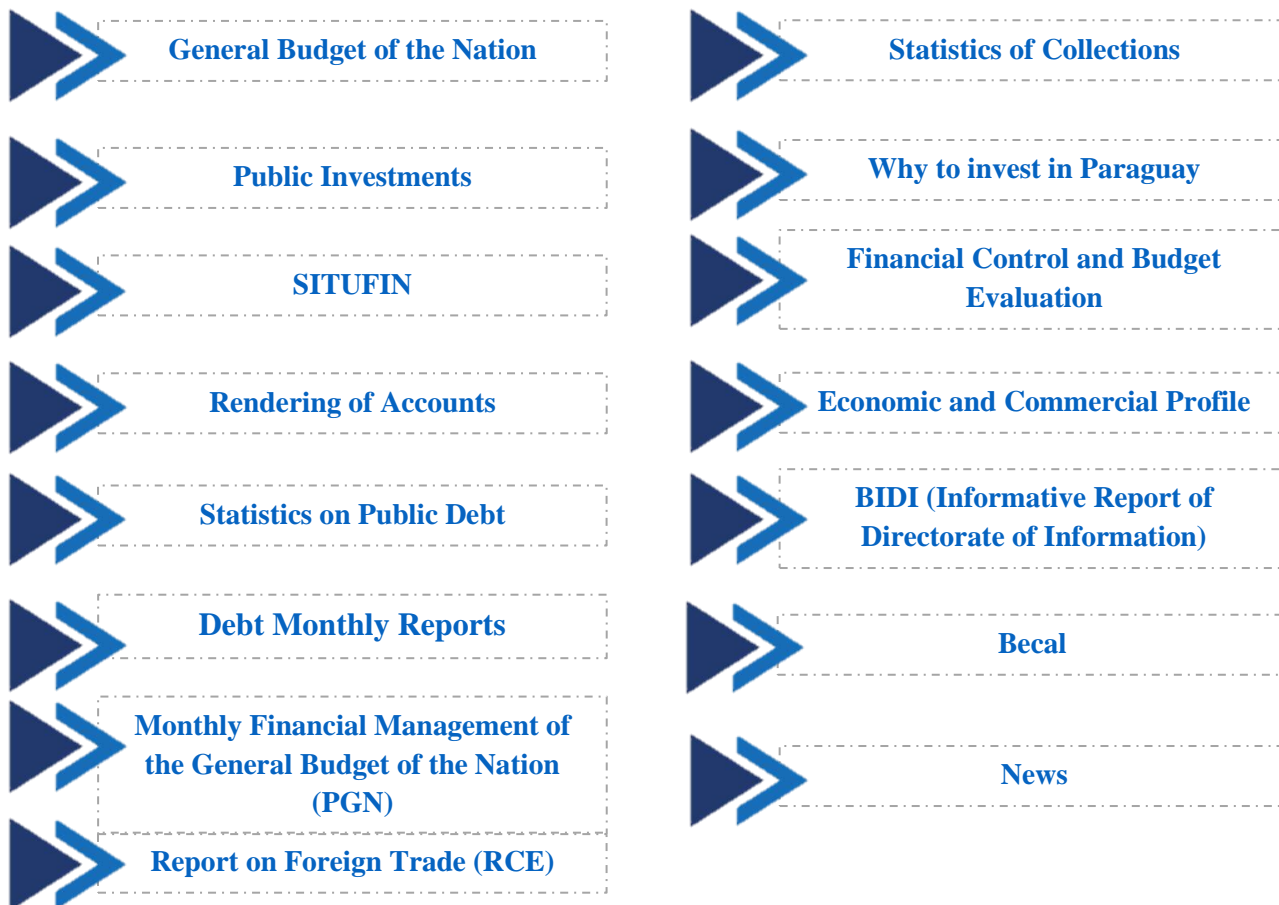
### Environmental Actions

 [Legal Provisions on environmental policies and actions](#)

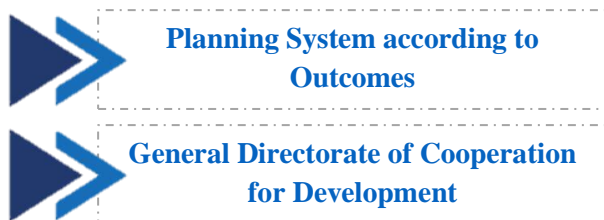


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### Ministry of Finance



### Technical Secretariat of Planning (STP)



### Financial Agency of Development



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<b>Economic Indicators / 2019 – 2023</b>					
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022(*)</b>	<b>2023(**)</b>
<b>Real Sector</b>					
Population (million)	7.152,7	7.252,7	7.353	7.453,7	7.554,8
GDP (USD million)	46.360	45.980	47.827	47.922	50.079
GDP per capita (USD)	6.481	6.340	6.504	6.429	6.629
GDP (annual variation in %)	-0,4	-0,8	4,0	0,2	4,5
Total Consumption (annual variation in %)	0,02	-0,02	0,06	0,01	0,03
Capital Investment (annual variation in %)	-0,1	0,05	0,2	-0,01	0,005
Unemployed Rate (open)	5,7	7,2	6,8	<b>5,7</b>	n/d
<b>Economy Structure</b>					
<b>Interannual variation</b>					
<b>In view of Supply</b>					
<b>Primary Sector</b>	<b>-3,1</b>	<b>7,4</b>	<b>-11,6</b>	<b>-9,2</b>	<b>20,2</b>
Agriculture	-4,4	9,0	-18,2	-13,0	30,0
Livestock	1,2	4,4	6,2	-2,5	2,3
Others	-1,1	0,9	6,8	1,3	1,4
<b>Secondary Sector</b>	<b>-3,0</b>	<b>0,7</b>	<b>5,0</b>	<b>0,8</b>	<b>2,2</b>
Industry	-1,1	-1,3	6,9	1,0	2,0
Construction	2,5	10,5	12,8	-3,0	0,5
Binationals	-11,5	-2,3	-7,6	4,7	4,8
<b>Tertiary Sector</b>	<b>2,4</b>	<b>-3,1</b>	<b>6,5</b>	<b>1,7</b>	<b>3,2</b>
General Government	4,3	6,4	-3,4	0,5	3,7
Trade	-1,2	-8,1	14,3	4,5	3,2
Communications	4,6	6,1	4,5	-2,3	2,8
Other Services	3,0	-5,7	7,7	1,5	3,1
Taxes	-2,7	-5,1	9,0	0,7	4,0
<b>In view of Demand</b>					
Total Investment	6.266,0	6.114,7	6.825,2	6.669,0	6.351,4
Total Consumption	30.319,9	28.048,0	29.313,8	32.032,9	23.235,4
Exports	12.441,2	10.491,2	10.107,1	9.446,3	10.059,1
Imports	11.699,8	9.197,1	10.574,9	10.740,3	9.752,5
<b>Monetary and Financial Sector</b>					
Rate of Exchange (PYG per USD, fdp)	6.039,0	6.516,0	6.903,0	6.987,0	7.373,0
Inflation (CPI, annual variation in %, Average, last 12 months)	2,8	2,5	2,4	10,1	6,4
Inter-banking rate of interest (% , fdp)	4,48	3,41	0,55	5,90	8,63



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Monetary Aggregates (annual variation of M2 in %)	6,5	6,1	20,5	1,5	5,2
Dollarization Ratio (% of banking deposits in ME)	43,7	45,3	43,8	46,4	45,7
Banking sector credits granted to the private sector (% of the GDP)	19,5	5,5	5,6	14,7	11,3
Real Salary (annual variation, %)	3,2	1,1	5,5	5,2	n/d
<b>External Sector</b>					
<b>(Millions of USD)</b>					
<b>Exports</b>	974,8	898,4	770,7	797,7	1.035,9
Inter-annual variation in %	0,6	-7,8	-14,2	3,5	29,9
<b>Imports</b>	966,8	1.050,3	804,3	1.140,0	1.267,2
Inter-annual variation in %	-10,1	8,6	-23,4	41,7	11,2
<b>Trade Balance</b>	7,9	-152,0	-33,6	-342,3	-231,3
GDP %	0,02	-0,3	-0,1	-0,7	-0,5
<b>Current Account</b>	-218,9	691,7	-303,7	-844,2	n/d
GDP %	-0,5	1,5	-0,6	-1,8	n/d
<b>Capital and Financial Account</b>	-170,3	-1.230,6	-1.135,6	-382,4	n/d
GDP %	-0,4	-2,7	-2,4	-0,8	n/d
Direct Foreign Investment	-129,8	-14,9	15,5	7,5	n/d
GDP %	-0,3	0,0	0,0	0,0	n/d
<b>International Reserves</b>	7.928,4	8.068,5	9.919,1	9.792,1	9.550,9
GDP %	17,1	17,5	20,7	20,4	19,1
<b>Public Sector</b>					
<b>(GDP %)</b>					
<b>Income</b>	<b>14,2</b>	<b>13,5</b>	<b>13,7</b>	<b>14,3</b>	<b>0,9</b>
<i>Which: Taxation Income represents</i>	10,0	9,5	9,8	10,4	0,7
<b>Expenses</b>	<b>17,0</b>	<b>19,7</b>	<b>17,3</b>	<b>17,2</b>	<b>1,1</b>
<i>Which: Payment of interests represents</i>	0,8	1,1	1,1	1,2	0,1
<b>Primary Balance</b>	<b>-2</b>	<b>-5,1</b>	<b>-2,5</b>	<b>-1,8</b>	<b>-0,1</b>
<b>Taxable Income</b>	<b>-2,8</b>	<b>-6,1</b>	<b>-3,6</b>	<b>-3,0</b>	<b>-0,2</b>
<b>Total Debt of the Public Sector</b>	<b>22,9</b>	<b>33,8</b>	<b>33,8</b>	<b>36,6</b>	<b>36,7</b>
<b>Public External Debt</b>	<b>18,7</b>	<b>29,0</b>	<b>29,3</b>	<b>32,4</b>	<b>32,5</b>
% Of the Total Public Debt	81,7	85,9	86,7	88,5	88,5
<b>Domestic Public Debt</b>	<b>4,2</b>	<b>4,8</b>	<b>4,5</b>	<b>4,2</b>	<b>4,2</b>
% Of the Total Public Debt	18,3	14,1	13,3	11,5	11,5
<b>Service of the Domestic Public Debt</b>	<b>1,3</b>	<b>1,6</b>	<b>1,6</b>	<b>0,1</b>	<b>0,6</b>



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**References:**

Remarks and Sources: Chart prepared by the Directorate of Indebtedness Policy (DPE, Ministry of Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of February 23, 2023) and the Ministry of Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of January 2023 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M01: January); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (\*) means preliminary data subject to changes and (\*\*) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of January 2023 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binational mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the Hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2023 correspond to January 2023 (2023, M1). Exports include re-exports and other exports. The inter-annual variation of exports/imports as of January 2023 (Jan 2023/Jan 2022) obtains the accrued variation of exports/imports of the total exports and imports accrued from January 2023, concerning the same period of the year 2022.

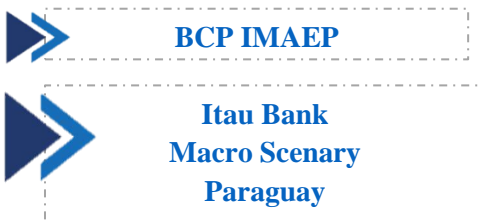




## Macroeconomic Outlook of Paraguay February 2023

**GDP growth for Paraguay is one of the most positive forecasts for the region in 2023.**

The growth projection worldwide has registered a decrease from 3.4% in 2022 to 2.9% for 2023 and 1.8% for Latin America and the Caribbean, according to the World Economic Outlook Report of the International Monetary Fund (IMF). For its part, the Central Bank of Paraguay (BCP) estimates a growth of the IMAEP of 4.5% compared to the same month of the previous year. In the report on the macroeconomic situation of Paraguay, Itaú Bank - Paraguay estimated GDP growth of around 5% in February, thus establishing a positive outlook for Paraguay this year.



### International Context

In China, the economic activity has been decelerated in the fourth quarter of 2022, because of significant outbreaks of COVID-19, and confinements have been resumed. However, between November and December, restrictions have been loosened up and this contributed to a full recovery.

In **United States** a downwards growth of 2.0% has been projected in 2022 to 1.4% in 2023. However, a more dynamic growth is foreseen for 2024.

For **Latin America and the Caribbean**, a downwards growth of 3.9% in 2022 has been foreseen to 1.8% in 2023 including an upwards review of 0.1 percentage points from October, 2023.



**IMF Report on World  
Economic Overview**

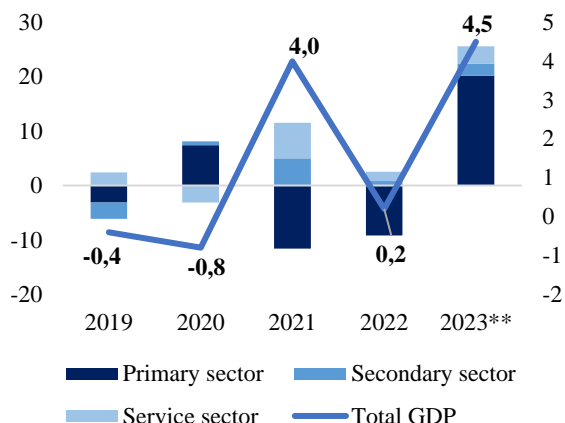
For the **internal economy**, there has been a higher growth than estimated for the global and regional context, although it starts again with drought, this had a lesser impact compared to that registered in 2022.

The **World Bank** has projected a 5.2% growth for 2023. Therefore, the average estimated growth is around 4.5% and 5.2% for this year; this is due to the favorable forecasts concerning the weather effects. The sector that represented the greatest inter-annual growth is the primary one, fostered by agriculture and livestock having variations of 30.0% and 3.2% respectively concerning the previous year, followed by a variation of 3.2% of the services' sector, mostly represented by restaurants and hotels, having a variation of 6.6%, on the other hand for the secondary sector, it has been estimated an inter-annual growth of 2.2% mostly represented by 4.0% of Electricity and Water, followed by 2.0%



corresponding to Manufacturing and to a lesser extent with 0.5%, interannual, Construction.

**Chart 1:** Percentage variation by branch of activity of GDP growth (2019-2023).



**Source:** Statistical Schedule of the Central Bank of Paraguay



### Indebtedness levels and debt structures of the Total Public Sector

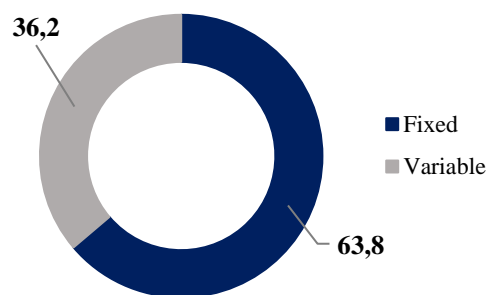
Article 42 of Law 1535/2000 “On the State Financial Administration” establishes that public debt will be classified as internal and external, and direct and indirect. Regarding the direct public debt of the Central Administration, it is the one assumed by said Central Administration as the main debtor, on the other hand, the indirect debt of the Central Administration is that constituted by any natural or legal person, public or private, other than said person, but that has its corresponding guarantee or guarantee, duly

authorized by law (public companies, second-tier banks, etc.).

In February, the Total Public Sector debt level has reached 37% of the GDP, which is considered sustainable for the public finances of the country and is one of the lowest debt levels of the region.

Concerning the **debt classification of the total public sector, per kind of rate** as of February, it has been kept in 63.8% at a fixed rate and 36.2% at a variable rate.

**Figure 1:** Total public debt balance according to the rate of interest

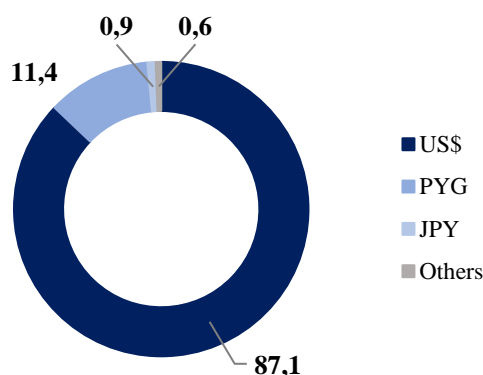


**Source:** Ministry of Finance

**The public debt structure per currency** in the second month of 2023 presented a greater concentration in US\$ (87.1%), followed by the PYG (11.4%), JPY (0.9%) and other currencies, having (0.6%). It is worth pointing out that the greater debt ratio in dollars does not represent a risk for the country since Paraguay receives

income in Dollars as annual royalties for the hydraulic potential use of the Parana River for the production of electricity coming for the binational entities (Itaipu and Yacyreta).

**Figure 2:** Total public debt balance per currency



Source: Ministry of Finance



**Average time of debt maturity:** Due to placement in the international markets in greater terms than the ones of the domestic markets, an increase of the average maturity of the Total Public Sector Debt (ATM) has been achieved from 11.6 years (2015) to 12.3 years (April 2021). This allows a greater maneuverability margin of the public debt.

**Table 1:** Debt Average maturity. (Years\*)

Years	Total Public Sector		Total Debt
	External Debt	Domestic	
2015	13,2	3,5	11,6
2016	12,3	4,1	11,1
2017	11,5	4,1	10,6
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3

\* Does not include perpetual debt with the BCP.

Source: Ministry of Finance

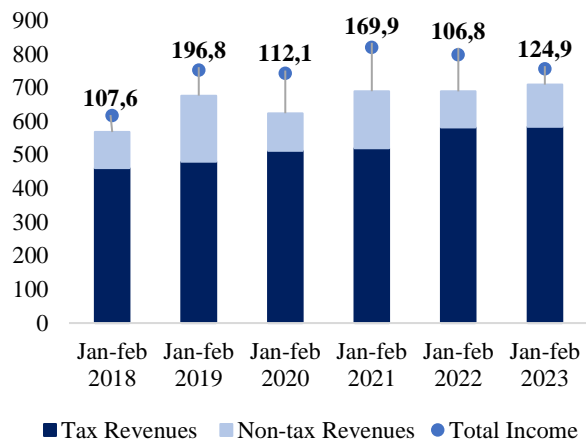


**Financial situation. February 2023.** A deficit of USD 244.9 million has been registered, which represented -0.6% of GDP. Likewise, an operating result of USD 122.1 million has been registered, which represents -0.3% of GDP.

**Total revenues show a reduction of -5.3% to February.** Total cumulative revenue reached USD 755.47 million, with a negative year-on-year variation of -5.3% compared to the same period in 2022, explained by the drop in other non-tax revenue, for example, social contributions and subsidies. On the other hand, there has been a reduction in the collection of taxes from the National Customs Directorate (DNA). However, the collection of February has been one of the highest compared to the same month of previous years.

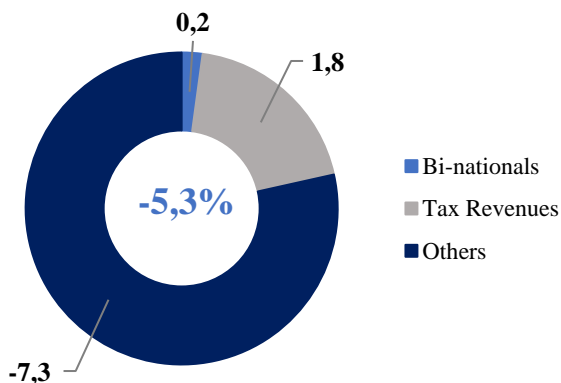
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**Chart 2:** Income accrued as of February 2023, in million Dollars.



**Source:** Own preparation with data of SITUFIN (feb/2023).

**Figure 3:** Income components in percentage



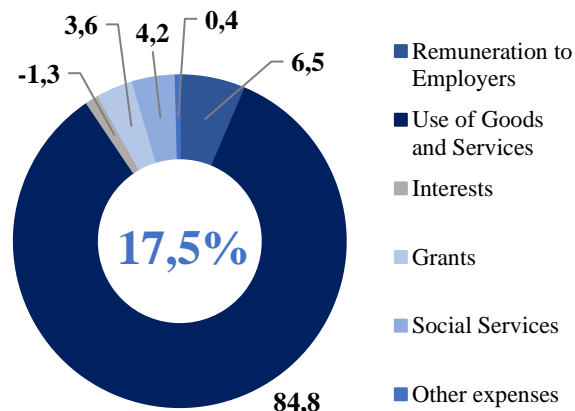
**Source:** Ministry of Finance SITUFIN

**SITUFIN February, 2023**

**The total expense has shown an increase of 17.5%.**

As of February, 2023, there has been a 17.5% increase of the total expense concerning February 2022. The growth has been mostly explained by medicines' purchase, transfers to municipalities and remunerations' adjustment.

**Figure 4:** Composition of percentage accrued expenses as of February 2023.



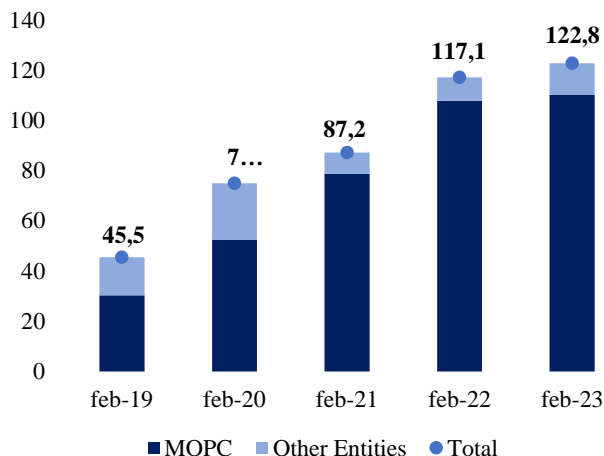
**Source:** Ministry of Finance

**Investment Level as of February 2023:**

The placement level of public investment in the second month of 2023 has registered a greater average than the ones of the last 5 years, and therefore, the strategic investment aimed at the economic recovery according to the fiscal convergence plan has been kept.

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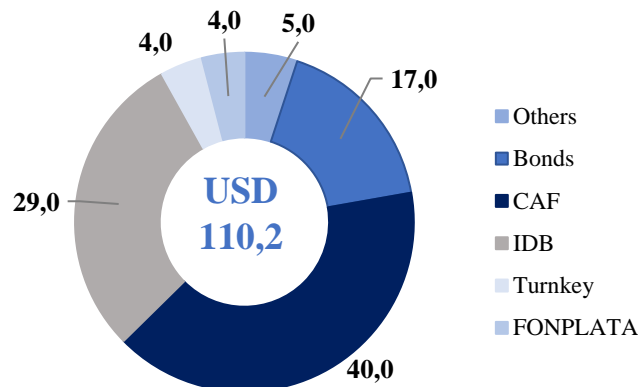
**Chart 3:** Accrued Investment, in millions of USD



Source: Ministry of Finance

**Investment of the MOPC per financing organism.** As of February, 2023, the investment of the Ministry of Public Works and Communications (MOPC) has shown the following figures, concerning financing organisms: USD 34.1 million corresponding to Bonds; USD 57.3 million of the Inter American Bank of Development (IDB); USD 7.1 million corresponding to Turnkey; USD 80.4 corresponding to Andean Development Corporation (CAF); USD 8.7 million corresponding to FONPLATA; and USD 10.5 million corresponding to other organisms, representing an inter-annual variation of USD 110.2 million concerning the total investment.

**Figure 5:** Investment percentage in MOPC, per financing organism

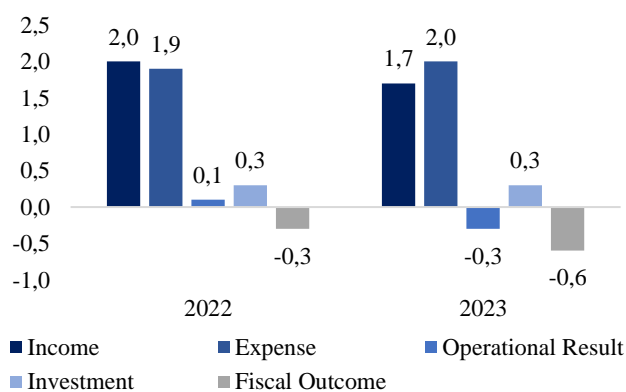


Source: Ministry of Finance

**Fiscal Indicators in GDP percentage, February, 2023**

As of the February, 2023, there has been a fiscal outcome of -0.3% of the GDP, having an investment level of 0.3%, and being the annualized fiscal outcome -0.6% of the GDP, below the 0.1% reached in January, 2022.

**Chart 4:** Fiscal Indicators in GDP percentage

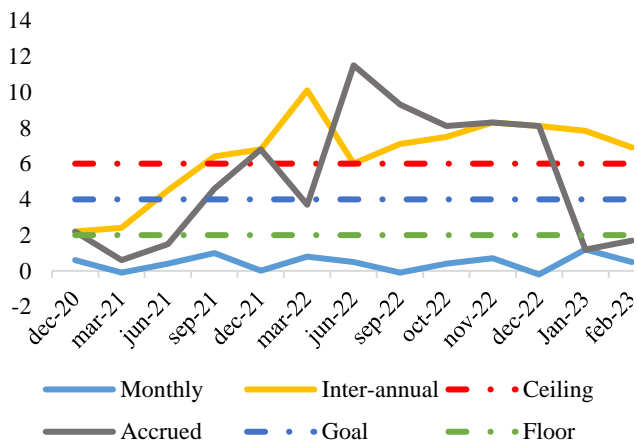


Source: Ministry of Finance

### Inflation has come down to 6.9% in February 2023.

In February 2023, inflation levels were contained, registering a reduction compared to the previous month from 7.8% to 6.9% for this month, according to data from the statistical table of the BCP economic report; on the other hand, there has been a monthly inflation of 0.5% compared to 1.2% presented the previous month.

**Chart 5:** Inflation as of February, 2023, in percentage.



Fuente: Central Bank of Paraguay



### The Rate of Interest of the Monetary Policy has stood at 8.5% in February.

The Monetary Policy Committee (CPM) decided to keep the Monetary Policy Rate (TPM) at 8.5%. The CPM has emphasized the persistent price restraint of commodities as well as lower

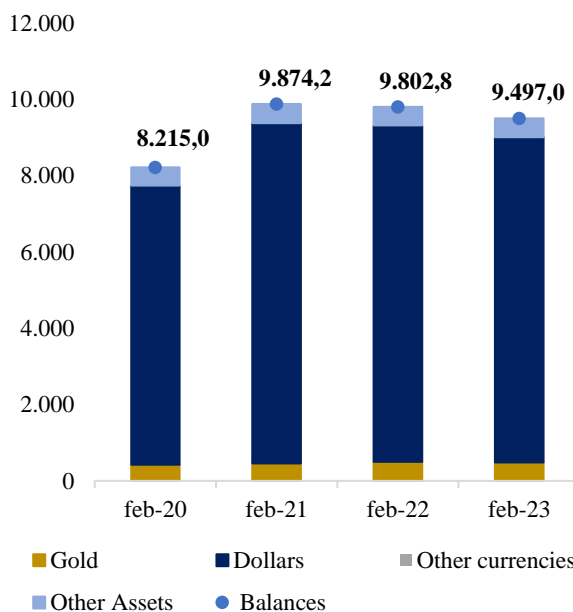
perspectives of economic growth for 2023 in the region and at a global level as well.



### Net International Reserves

The stock of Net International Reserves has reached a balance of USD 9,497.0 million as of February 2023, presenting a variation of -0.6% compared to January 2023 and is made up of USD 480.6 million corresponding to Gold; USD 8,520.8 million Dollars; USD 0.2 million in other currencies and USD 495.4 million in other assets.

**Chart 6:** RIN composition, in million Dollars.



Source: Own preparation based on data of the BCP (2023).



## Balance of Trade

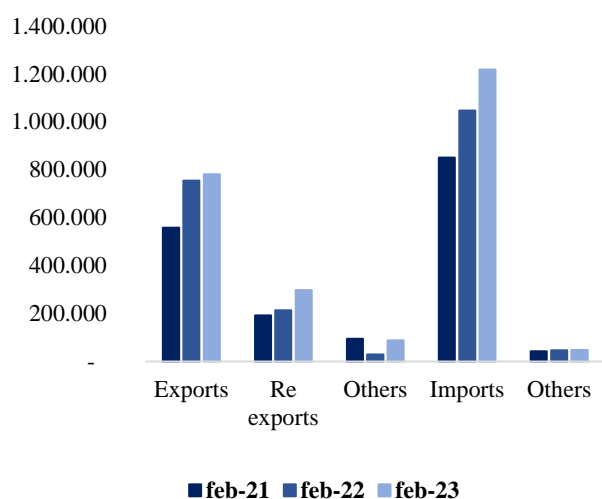
As of February, 2023, foreign trade figures (Exports plus Imports) represent USD 2,213 million, showing a 5.8% variation concerning February, 2022.

Total exports accrued as of February, 2023, were USD 1,167.2 million, having a 17.1% variation concerning the same month of 2022.

Total imports accrued as of February, 2023, were USD 1,045.9 million, having a downwards inter-annual variation of -4.4% concerning February, 2022.

The balance of trade for this month of 2023, has registered USD 121.3 million of exports, more than imports.

**Chart 7:** Trade Balance, in millions of Dollar



Source: Central Bank of Paraguay

[Statistical Schedule – BCP](#)

## Credit Perspective of Paraguay

Paraguay has managed to keep the country risk rating with the three credit rating agencies (Standard & Poor's (S&P), Moody's Investors Service (Moody's) and Fitch Rating (Fitch). These confirmations are given between three years of international and national contexts affected by external and internal shocks such as the price fall of raw material, pandemic by Covid-19, price rise in fuels and drought that affected the country between 2019 and 2020.

**Table 2:** Sovereign Risk Ratings 2023

Risk Rating Agency	Rate	Perspective	Last Review
<b>S&amp;P</b>	BB	Estable	18-may-2022
<b>Moody's</b>	Ba1	Positiva	04-aug-2022
<b>Fitch</b>	BB+	Estable	22-nov-2022

Source: Ministry of Finance (2022).

The risk rating agencies mention that Paraguay had a government strategy including the advances in the structure reforms that has contributed to keep the risk ratings of the country low in an uncertainty international context. Such reforms include the strengthening of the fiscal institutionality, which have helped to reinforce the credibility in the macroeconomic policies

[Report on Regional Credit Perspective](#)





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### Other accesses of interest.

Please click on the text to address to the Web Site 

#### Monetary Policy Reports

 [National Accounts Report \(Fiscal Quarters\)](#) 

 [Statistic Schedule of the Economic Report](#)

 [Foreign Trade Report \(Fiscal Quarters\)](#)

 [Direct Investment](#)

 [Monetary Policy](#)

#### Sustainable Development Objectives (ODS)

 [Sustainable Paraguay](#)

 [ODS Objectives](#)

#### Ministry of Industry and Trade

 [MyPIMES](#)

 [Maquila](#)

 [Programas y Proyectos para MyPIMES](#)

#### Environmental Actions

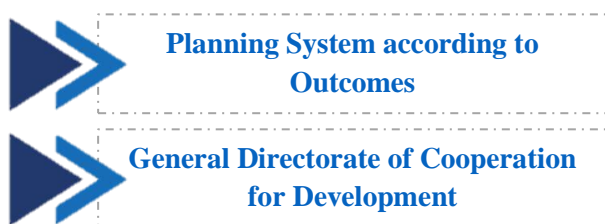
 [Legal Provisions on environmental policies and actions](#)

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### Ministry of Finance



### Technical Secretariat of Planning (STP)



### Financial Agency of Development



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### Economic Indicators / 2019 – 2023

	2019	2020	2021	2022(*)	2023(**)
<b>Real Sector</b>					
Population (million)	7.152,7	7.252,7	7.353	7.453,7	7.554,8
GDP (USD million)	46.360	45.980	47.827	47.922	50.079
GDP per capita (USD)	6.481	6.340	6.504	6.429	6.629
GDP (annual variation in %)	-0,4	-0,8	4,0	0,2	4,5
Total Consumption (annual variation in %)	2,2	-2,2	5,5	1,0	2,7
Capital Investment (annual variation in %)	-6,1	5,3	18,2	-1,1	0,5
Unemployed Rate (open)	5,7	7,2	6,8	5,7	n/d
<b>Economy Structure</b>					
<b>Interannual variation</b>					
<b>In view of Supply</b>					
<b>Primary Sector</b>	<b>-3,1</b>	<b>7,4</b>	<b>-11,6</b>	<b>-9,2</b>	<b>20,2</b>
Agriculture	-4,4	9,0	-18,2	-13,0	30,0
Livestock	1,2	4,4	6,2	-2,5	2,3
Others	-1,1	0,9	6,8	1,3	1,4
<b>Secondary Sector</b>	<b>-3,0</b>	<b>0,7</b>	<b>5,0</b>	<b>0,8</b>	<b>2,2</b>
Industry	-1,1	-1,3	6,9	1,0	2,0
Construction	2,5	10,5	12,8	-3,0	0,5
Binationals	-11,5	-2,3	-7,6	4,7	4,8
<b>Tertiary Sector</b>	<b>2,4</b>	<b>-3,1</b>	<b>6,5</b>	<b>1,7</b>	<b>3,2</b>
General Government	4,3	6,4	-3,4	0,5	3,7
Trade	-1,2	-8,1	14,3	4,5	3,2
Communications	4,6	6,1	4,5	-2,3	2,8
Other Services	3,0	-5,7	7,7	1,5	3,1
Taxes	-2,7	-5,1	9,0	0,7	4,0
<b>In view of Demand</b>					
Total Investment	6.245,4	6.109,6	7.007,8	6.688,9	6.421,9
Total Consumption	26.434,4	24.009,4	24.573,3	23.942,7	23.493,3
Exports	10.303,3	9.374,7	9.567,8	9.051,2	10.170,8
Imports	9.689,3	8.218,3	10.010,7	10.290,9	9.860,8
<b>Monetary and Financial Sector</b>					
Rate of Exchange (PYG per USD, fdp)	6.058,9	6.521,4	6.723,2	6.966,2	7.292,1
Inflation (CPI, annual variation in %, Average, last 12 months)	2,7	2,4	2,5	9,3	6,9
Inter-banking rate of interest (% , fdp)	4,98	3,79	0,47	5,46	8,56
Monetary Aggregates (annual variation of M2 in %)	7,8	6,6	21,7	4,9	0,2

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Dollarization Ratio (% of banking deposits in ME)	43,9	44,0	44,7	45,1	45,1
Banking sector credits granted to the private sector (% of the GDP)	16,1	9,6	8,3	10,9	10,2
Real Salary (annual variation, %)	3,2	1,1	5,5	5,2	n/d

### External Sector

(Millions of USD)

<b>Exports</b>	<b>1.068,1</b>	<b>1.033,1</b>	<b>844,8</b>	<b>996,7</b>	<b>1.167,2</b>
Inter-annual variation in %	-3,7	-3,3	-18,2	18,0	17,1
<b>Imports</b>	<b>946,1</b>	<b>895,3</b>	<b>893,5</b>	<b>1.094,4</b>	<b>1.045,9</b>
Inter-annual variation in %	-1,9	-5,4	-0,2	22,5	-4,4
<b>Trade Balance</b>	<b>122,0</b>	<b>137,8</b>	<b>-48,6</b>	<b>-97,7</b>	<b>-121,3</b>
GDP %	0,3	0,3	-0,1	-0,2	-0,2
<b>Current Account</b>	<b>-218,9</b>	<b>691,7</b>	<b>-303,7</b>	<b>-844,2</b>	<b>n/d</b>
GDP %	-0,5	1,5	-0,6	-1,8	n/d
<b>Capital and Financial Account</b>	<b>-170,3</b>	<b>-1.230,6</b>	<b>-1.135,6</b>	<b>-382,4</b>	<b>n/d</b>
GDP %	-0,7	-5,4	-4,7	-1,6	n/d
Direct Foreign Investment	-129,8	-14,9	15,5	7,5	n/d
GDP %	-0,3	0,0	0,0	0,0	n/d
<b>International Reserves</b>	<b>8.432,2</b>	<b>8.215,0</b>	<b>9.874,2</b>	<b>9.802,8</b>	<b>9.497,0</b>
GDP %	18,2	17,9	20,6	20,5	19,0

### Public Sector

(GDP %)

<b>Income</b>	<b>14,2</b>	<b>13,5</b>	<b>13,7</b>	<b>14,1</b>	<b>1,7</b>
<i>Which: Taxation Income represents</i>	10,0	9,5	9,8	10,3	1,3
<b>Expenses</b>	<b>17,0</b>	<b>19,7</b>	<b>17,3</b>	<b>17,1</b>	<b>2,3</b>
<i>Which: Payment of interests represents</i>	0,8	1,1	1,1	1,2	0,1
<b>Primary Balance</b>	<b>-2,0</b>	<b>-5,1</b>	<b>-2,5</b>	<b>-1,8</b>	<b>-0,5</b>
<b>Taxable Income</b>	<b>-2,8</b>	<b>-6,1</b>	<b>-3,6</b>	<b>-3,0</b>	<b>-0,6</b>
<b>Total Debt of the Public Sector</b>	<b>22,9</b>	<b>33,8</b>	<b>33,8</b>	<b>33,8</b>	<b>36,6</b>
<b>Public External Debt</b>	<b>18,7</b>	<b>29,0</b>	<b>29,3</b>	<b>32,4</b>	<b>32,5</b>
% Of the Total Public Debt	81,7	85,9	86,7	88,5	88,1
<b>Domestic Public Debt</b>	<b>4,2</b>	<b>4,8</b>	<b>4,5</b>	<b>4,2</b>	<b>4,4</b>
% Of the Total Public Debt	18,3	14,1	13,3	11,5	11,9
<b>Service of the Domestic Public Debt</b>	<b>1,3</b>	<b>1,6</b>	<b>1,6</b>	<b>0,1</b>	<b>0,1</b>



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**References:**

Remarks and Sources: Chart prepared by the Directorate of Indebtedness Policy (DPE, Ministry of Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of March 28, 2023) and the Ministry of Finance.

1. The exchange rate corresponds to the one of the last working days of the year.
2. Income and Expenses as of February, 2023 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M02: February; T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (\*) means preliminary data subject to changes and (\*\*) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of February, 2023 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binationals mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the Hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2023 correspond to January, 2023 (2023, M1). Exports include re-exports and other exports. The inter-annual variation of exports/imports as of February, 2023 (Feb, 2023/Feb, 2022) obtains the accrued variation of exports/imports of the total exports and imports accrued from February, 2023, concerning the same period of the year





## Macroeconomic Outlook of Paraguay March 2023

**In spite of the growth moderation in various regions worldwide, the GDP has a positive projection in Paraguay.**

The growth projection worldwide, has registered a decrease to 2.9% for 2023 and 1.8% according to Latin America and the Caribbean, pursuant to the Report on World Economic Overview of the International Monetary Fund (IMF). On the other hand, the Central Bank of Paraguay (BCP) estimates a growth of 4.5% of the IMAEP as of the same month of the previous year. The World Bank adjusts its growth projection to 4.8% keeping Paraguay in a positive growth line between the other countries of the region.



BCP-IMAEP



World Bank

### International Context

In **China**, the economic activity has been decelerated in the fourth quarter of 2022, because of significant outbreaks of COVID-19, and confinements have been resumed. However, between November and December, restrictions have been loosened up and this contributed to a full recovery.

In the **United States** a downwards growth of 2.0% has been projected in 2022 to 1.4% in 2023. However, a more dynamic growth is foreseen for 2024.

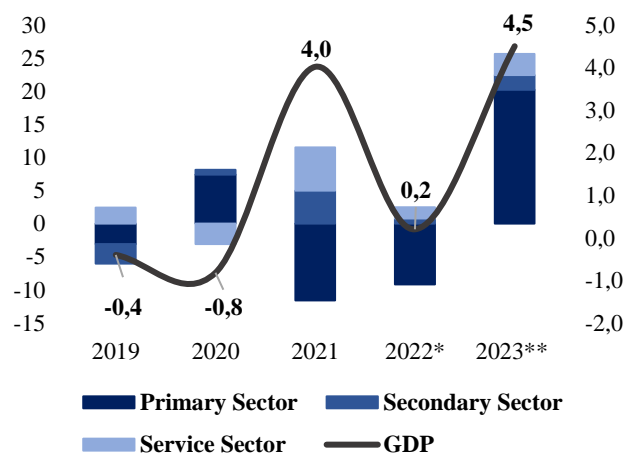
For **Latin America and the Caribbean**, a downwards growth of 3.9% in 2022 has been foreseen to 1.8% in 2023 including an upwards review of 0.1 percentage points from October, 2023.



IMF Report on World  
Economic Overview

In view of the **domestic economy**, there has been a greater growth than it was estimated for the world and regional contexts, of 4.5% for 2023 according to the Monthly Indicator of Economic Activity of the BCP. This is due to the good performance of the agriculture, the generation of electricity, services and livestock.

**Chart 1:** Percentage variation per line of business of the GDP growth (2019-2023).



**Source:** Statistical Schedule of the Central Bank of Paraguay (2023)



Statistical Schedule of the BCP



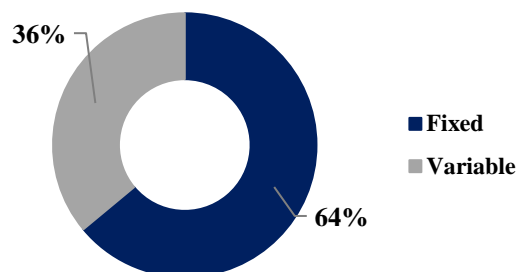
## Debt levels and structures of the Total Public Sector

The Law 1535/2000 “On the Financial Administration of the State”, in its article N° 42 establishes that the public debt shall be classified in domestic and foreign and direct and indirect. Concerning the direct public debt of the Central Administration is the one taken over by such Central Administration as main debtor, on the other hand, the indirect debt of the Central Administration is the one constituted by any natural or legal, public or private person, different from such person, but that has its corresponding guarantee or security, duly authorized by the law (public companies, second tier banks, etc).

In March, the Total Public Sector debt level has reached 37.1% of the GDP, which is considered sustainable for the public finances of the country and is one of the lowest debt levels of the region.

Concerning the **debt classification of the total public sector**, per kind of rate as of March, it has been kept in 64% at a fixed rate and 36% at a variable rate.

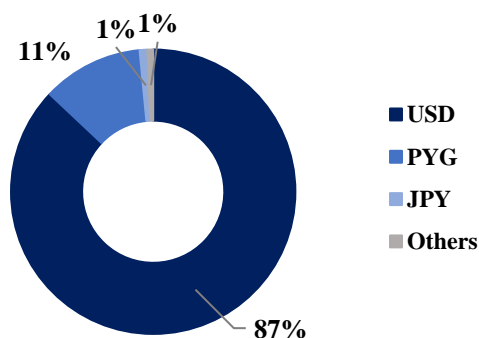
**Figure 1:** Total public debt balance according to the rate of interest



Source: Ministry of Finance

**The public debt structure per currency** in the third month of 2023 presented a greater concentration in USD (87%), followed by the PYG (11.4%), JPY (0.9%) and other currencies, having (0.6%). It is worth pointing out that the greater debt ratio in dollars does not represent a risk for the country since Paraguay receives income in Dollars as annual royalties for the hydraulic potential use of the Parana River for the production of electricity coming for the binational entities (Itaipu and Yacyreta).

**Figure 2:** Total public debt balance per currency in percentage



Source: Ministry of Finance



## Debt Statistic

Average time of debt maturity: Due to placement in the international markets in greater terms than the ones of the domestic markets, an increase of the average maturity of the Total Public Sector Debt (ATM) has been achieved from 11.6 years (2015) to 12.3 years (April 2021). This allows a greater maneuverability margin of the public debt.

**Table 1:** Debt Average maturity. (years\*)

Years	Total Public Sector		
	External Debt	Domestic Debt	Total Debt
2015	13,2	3,5	11,6
2016	12,3	4,1	11,1
2017	11,5	4,1	10,6
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3

\*Does not include perpetual debt with the BCP.

Source: Ministry of Finance



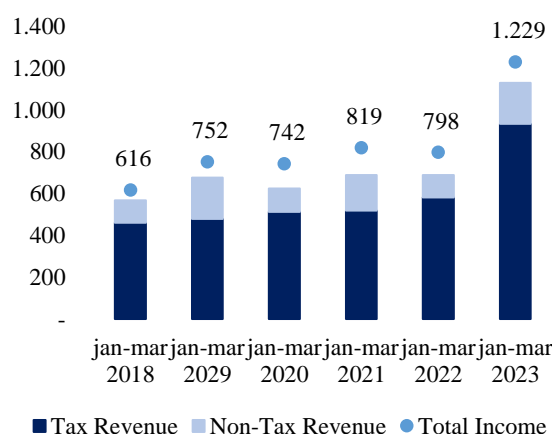
**Financial situation. March 2023.** As of March, 2023, a USD 464.2 million deficit has been registered which represented -1.1% of the GDP. Likewise, a negative operational outcome of USD 253.9 million has been registered which represents -0.6% of the GDP.

**In March 2023, income has shown an interannual variation of -1.0%.** Total income accrued achieved 1,228.61 million, having an inter-annual variation of -1.0% concerning the same period of 2022, explained by the fall of social contributions.

On the other hand, there has been registered a positive variation of tax collections in the SET and the DNA. The tax collection was 12.4% in average between both institutions.

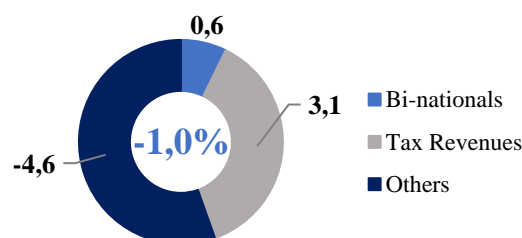
The tax collections' increase coming from the SET was due to a greater collection of the Value Added Tax, followed by the ISC and the IDU. The DNA registered the highest tax collection compared to all the previous March ones.

**Chart 2:** Income accrued as of March, 2023, in million Dollars.



Source: SITUFIN – Ministry of Finance (2023).

**Figure 3:** Income components in percentage

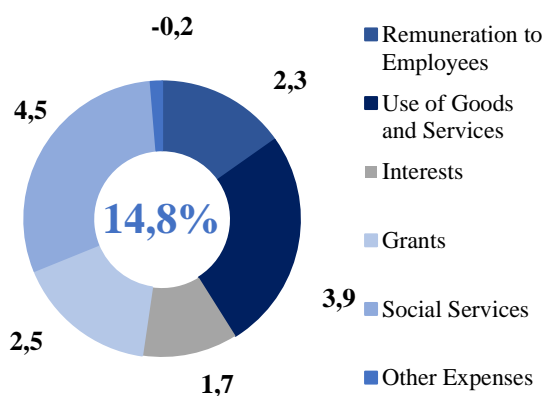


Source: SITUFIN - Ministry of Finance (2023)

**The total expense has shown an increase of 14.8%.**

As of March, 2023, there has been a 14.8% increase of the total expense concerning March, 2022. The growth has been mostly explained by medicines' purchase, transfers to municipalities and remunerations' adjustment.

**Figure 4:** Composition of percentage accrued expenses as of March, 2023.

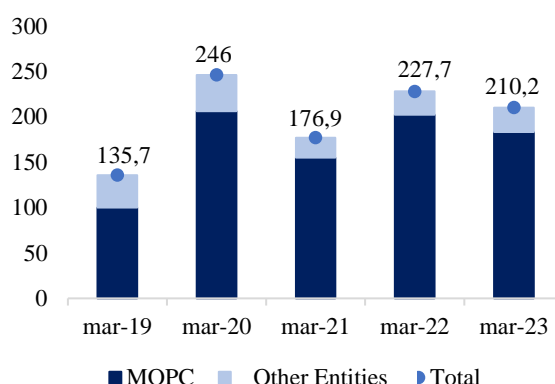


Source: SITUFIN - Ministry of Finance (2023)

**Investment Level as of March, 2023:**

The placement level of public investment in the third month of 2023 has registered a greater average than the ones of the last 5 years, and therefore, the strategic investment aimed at the economic recovery according to the fiscal convergence plan has been kept.

**Chart 3:** Accrued Investment, in millions of USD



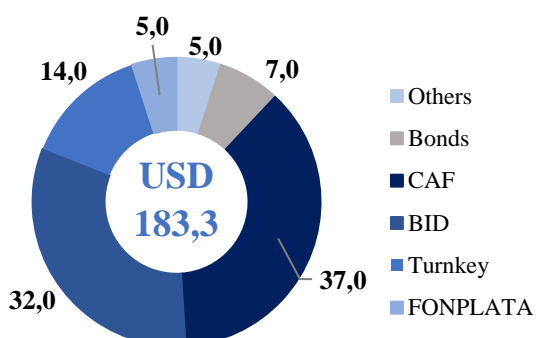
Source: SITUFIN - Ministry of Finance (2023)



**Investment of the Ministry of Public Works and Communication (MOPC) classified per financing.**

As of March, 2023, the investment of the Ministry of Public Works and Communications (MOPC) has shown the following figures: USD 12.4 million corresponding to Bonds; USD 58.6 million of the Inter American Bank of Development (IDB); USD 26.5 million corresponding to Turnkey; USD 67.3 corresponding to Andean Development Corporation (CAF); USD 8.7 million corresponding to FONPLATA; and USD 9.7 million corresponding to other organisms, representing an inter-annual variation of USD 183.3 million concerning the total investment.

**Figure 5:** Investment percentage in MOPC, classified per financing

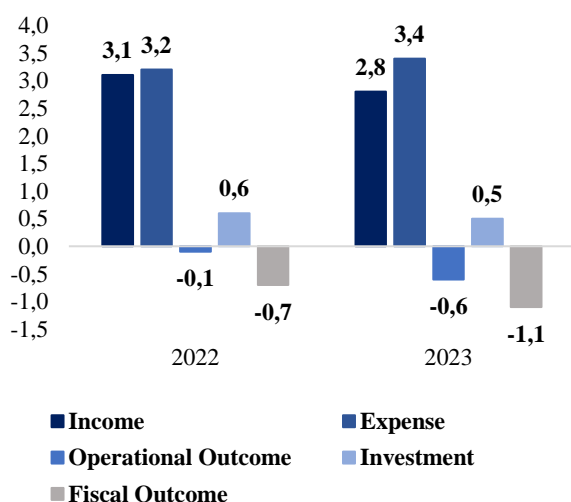


Source: SITUFIN - Ministry of Finance (2023)

### Fiscal Indicators in GDP percentage, March, 2023

As of March, 2023, there has been a fiscal outcome of -1.1% of the GDP, having an investment level of 0.5%, and being the annualized fiscal outcome -3.2% of the GDP, below the 0.1% reached in January, 2022.

**Chart 4:** Fiscal Indicators in GDP percentage



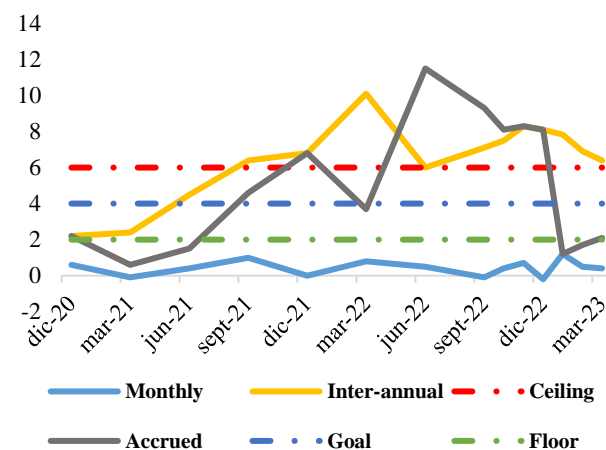
Source: Ministry of Finance



### Inflation

In inter-annual terms, Inflation has been reduced by 6.4% in March of 2023. There has been an accrued inflation of 2.1% in the first quarter. The inter-annual average inflation in the first quarter was 7.0%, being lower than the one registered in the fourth quarter of 2022, of the 8.2%. In monthly terms, inflation has presented a slight increase concerning the same period of the previous year due to registered increases in prices of food, electricity supply services and goods and services related to education.

**Chart 5:** Inflation as of March, 2023, in percentage



Source: Central Bank of Paraguay (2023)



### The rate of interest of the Monetary Policy has been kept in 8.5% in March.

The Monetary Policy Committee (CPM) has decided to keep the Monetary Policy Rate (TPM) by 8.5%. The CPM emphasized the

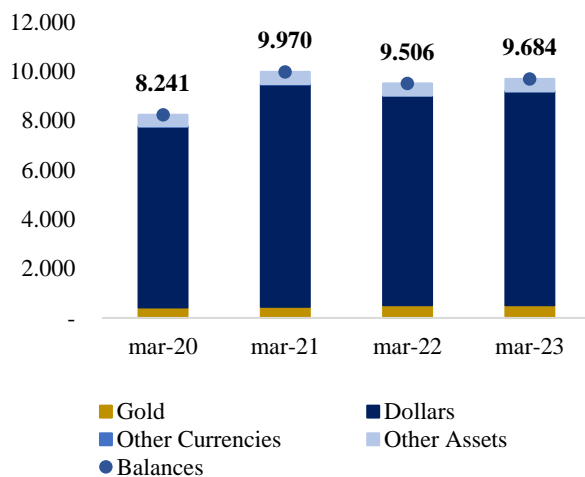
persistent moderation in commodities' prices, as well as the best perspectives of economic growth for 2023, in the regional level and worldwide.



### Net International Reserves

The Net International Reserves' stock has reached a USD 9,684.2 million balance as of March, 2023, showing a variation of 2.0% concerning February, 2023 and consists of USD 521.1 million corresponding to Gold; USD 8,660.8 million Dollars; USD 5.9 million in other currencies and USD 496.3 concerning other assets.

**Chart 6:** RIN composition, in million Dollars.



Source: Central Bank of Paraguay (2023).



### Balance of Trade

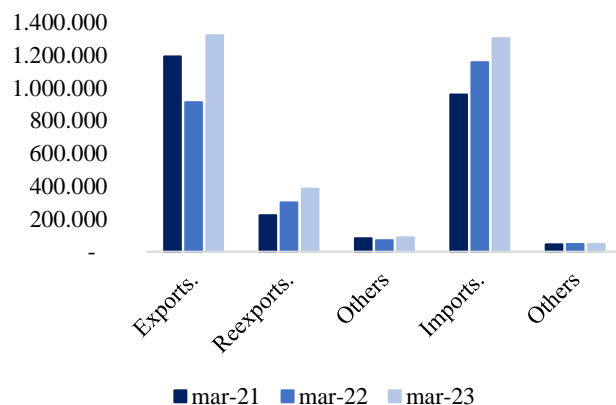
As of March, 2023, foreign trade figures (Exports plus Imports) represented USD 3,145.5 million, showing a 26.5% variation concerning March, 2022.

Total exports accrued as of March, 2023, were USD 1,793.8 million, having a 26.5% variation concerning March, 2022.

Total imports accrued as of March, 2023, were USD 1,351.8 million and presents a positive inter-annual variation of 12.3% concerning March, 2022.

The balance of trade for this month of 2023, has registered USD 441.9 million in favor of exports.

**Chart 7:** Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay (2023)





## Credit Perspective of Paraguay

Paraguay has managed to keep the country risk rating and the stable perspective with the credit rating agencies Fitch and Standard & Poor's (S&P), and even improving to positive with Moody's Investors Service (Moody's), in spite of the uncertainty worldwide, and in view of this context, many countries of the region have had reductions in their risk ratings and perspectives respectively, being Paraguay one of the few countries which has not been affected concerning its risk rating.

**Table 2:** Sovereign Risk Ratings 2023

Risk Rating Agency	Rate	Perspective	Last Review
S&P	BB	Stable	29-mar-2023
Moody's	Ba1	Positive	04-aug-2022
Fitch	BB+	Stable	22-nov-2022

Source: Sub-secretariat of State of Economy (2023)

The risk rating agencies mentioned that Paraguay has managed to achieve advances in the structure reforms related to the strengthening of the fiscal institutionalidad, which have helped to reinforce the credibility in the macroeconomic policies. Likewise, the resilience of the economy before the external and internal shocks has contributed to keep the risk ratings of the country under complex situations.

S&P has reviewed the risk rating in March, 2023, and decided to keep the risk rating in BB with a stable perspective. Besides, the

mentioned risk rating agency has mentioned in its report that they expect a continuity in the policies after the change of government.

## Paraguay is close to the investment grade

Moody's, in view of its report on "Sovereigns-Global: Fallen angel sovereigns' path back to investment grade is challenging, paved with reforms", published on April 25, 2023, has mentioned that the fiscal weakness has been a significant factor that has caused that many countries have lost their "investment grade".

In this sense, they reinforce the importance of improving the fiscal and growth perspectives. In addition, they emphasize that the countries which have managed to go back to the "investment grade", have been those which have fostered wide and deep policy reforms.

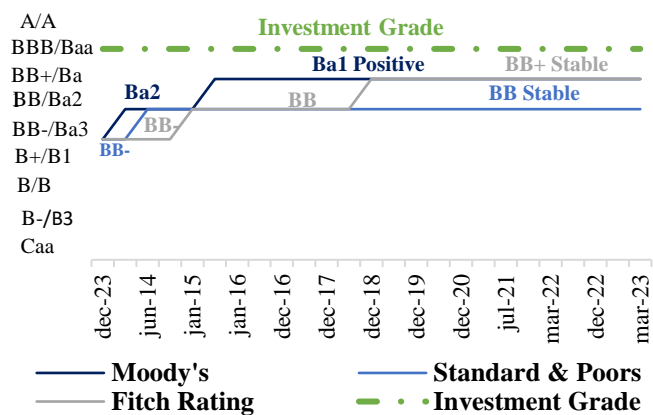
Moody's has highlighted Paraguay, which has currently the Ba1 rate having a positive perspective (close to the investment grade). They emphasize that the country has a potential opportunity for the risk rating upgrade to the investment grade.

In view of their report, they mention that the positive perspective achieved in July, 2022, shows that the country, after a solid growth and a prudent fiscal policy, favorably compares to countries rated with Baa. In addition, they point out that the structure and fiscal reforms supports the institutional strength and the governability. Paraguay has established not only its fiscal discipline but also its resilience to shocks during the last decade.



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**Chart 8: Sovereign Risk Rating of Paraguay**  
Period 2013 – 2023



Source: Sub-secretariat of State of Economy (2023)

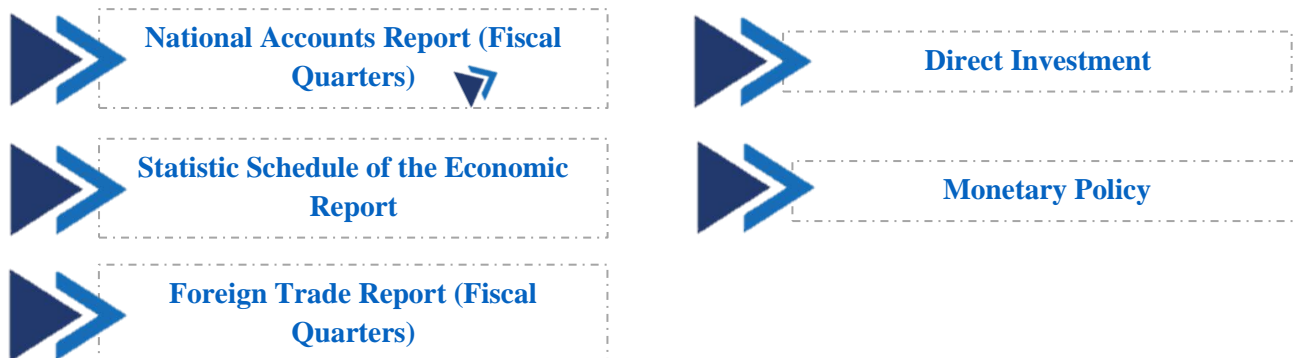


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### Other accesses of interest.

Please click on the text to address to the Web Site 

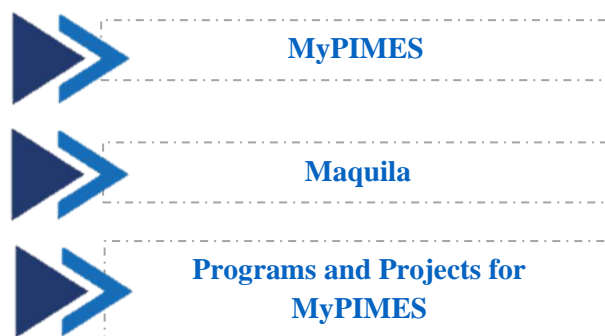
#### Monetary Policy Reports



#### Sustainable Development Objectives (ODS)



#### Ministry of Industry and Trade

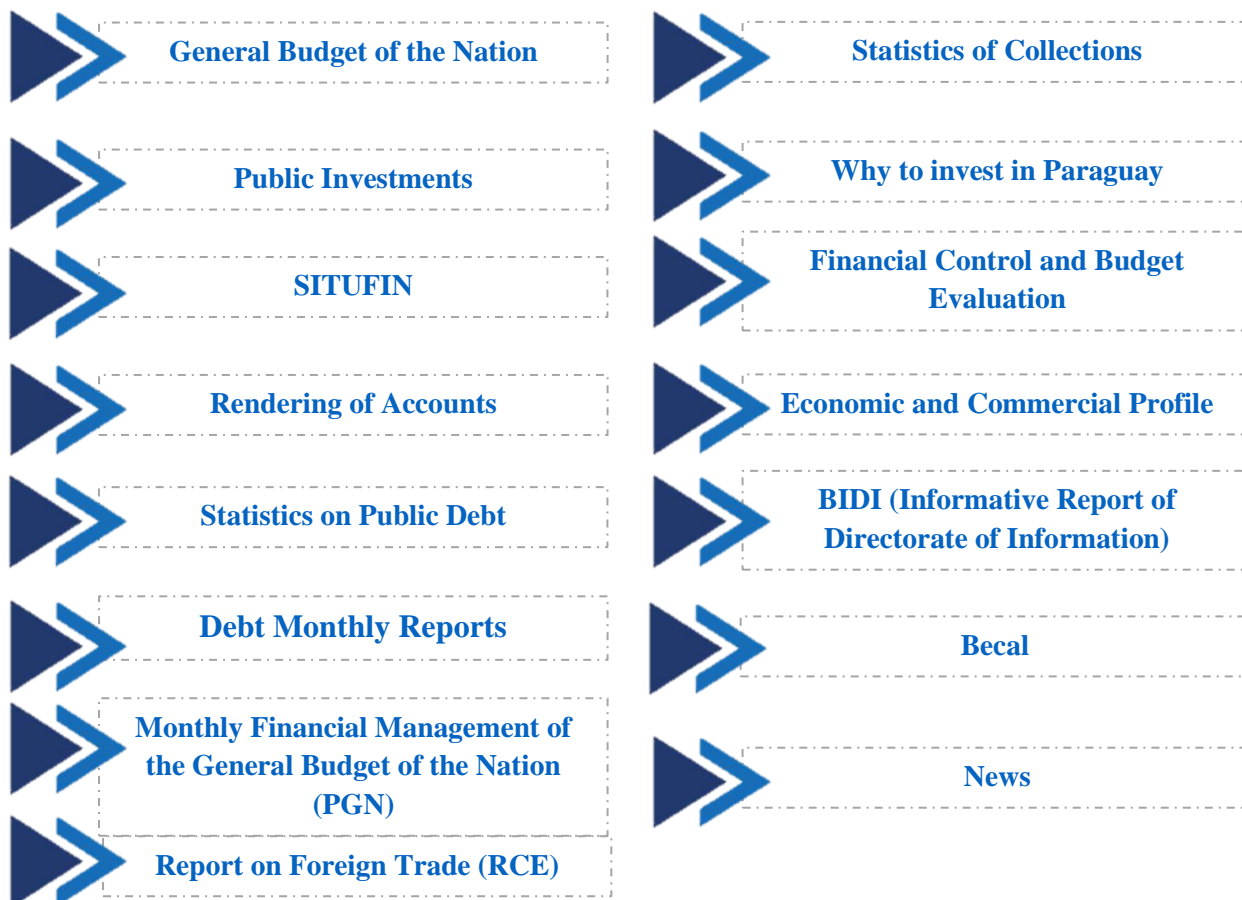


#### Environmental Actions

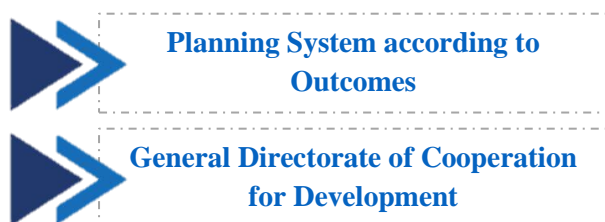


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## Ministry of Finance



## Technical Secretariat of Planning (STP)



## Financial Agency of Development



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**Schedule**

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<b>Economic Indicators / 2019 – 2023</b>					
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022(*)</b>	<b>2023(**)</b>
<b>Real Sector</b>					
Population (million)	7.152,7	7.252,8	7.353	7.453,7	7.554,8
GDP (USD million)	46.360	45.980	47.827	47.922	50.079
GDP per capita (USD)	6.481	6.340	6.504	6.429	6.629
GDP (annual variation in %)	3,2	1,0	0,3	1,7	n/d
Total Consumption (annual variation in %)	2,2	-2,2	5,5	1,0	2,7
Capital Investment (annual variation in %)	-6,1	5,3	18,2	-1,1	0,5
Unemployed Rate (open)	5,7	7,2	6,8	5,7	n/d
<b>Economy Structure</b>					
<b>Interannual variation</b>					
<b>In view of Supply</b>					
<b>Primary Sector</b>	-3,1	7,4	-11,6	-9,2	20,2
Agriculture	-4,4	9,0	-18,2	-13,0	30,0
Livestock	1,2	4,4	6,2	-2,5	2,3
Others	-1,1	0,9	6,8	1,3	1,4
<b>Secondary Sector</b>	-3,0	0,7	5,0	0,8	2,2
Industry	-1,1	-1,3	6,9	1,0	2,0
Construction	2,5	10,5	12,8	-3,0	0,5
Binationals	-11,5	-2,3	-7,6	4,7	4,8
<b>Tertiary Sector</b>	2,4	-3,1	6,5	1,7	3,2
General Government	4,3	6,4	-3,4	0,5	3,7
Trade	-1,2	-8,1	14,3	4,5	3,2
Communications	4,6	6,1	4,5	-2,3	2,8
Other Services	3,0	-5,7	7,7	1,5	3,1
Taxes	-2,7	-5,1	9,0	0,7	4,0
<b>In view of Demand</b>					
Total Investment	6.245,4	6.109,6	7.007,8	6.688,9	6.421,9
Total Consumption	26.434,4	24.009,4	24.573,3	23.942,7	23.493,3
Exports	12.257,4	10.394,5	10.668,5	9.479,0	10.322,8
Imports	11.527,0	9.112,3	11.162,2	10.777,4	10.008,1
<b>Monetary and Financial Sector</b>					
Rate of Exchange (PYG per USD, fdp)	6.129,5	6.576,7	6.539,7	6.962,9	7.184,7
Inflation (CPI, annual variation in %, Average, last 12 months)	2,8	2,5	2,4	10,1	6,4
Inter-banking rate of interest (% , fdp)	4,48	3,41	0,55	5,90	8,63
Monetary Aggregates (annual variation of M2 in %)	6,5	6,1	20,5	1,5	5,2
Dollarization Ratio (% of banking deposits in ME)	43,7	45,3	43,8	46,4	45,7



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Banking sector credits granted to the private sector (% of the GDP)	19,5	5,5	5,6	14,7	11,3
Real Salary (annual variation, %)	3,2	1,1	5,5	5,2	n/d

### External Sector

#### (Millions of USD)

<b>Exports</b>	1.156,5	1.063,7	1.496,3	1.283,1	1.793,8
Inter-annual variation in %	-16,5	-8,0	40,7	-14,2	39,8
<b>Imports</b>	928,0	796,1	1.004,5	1.204,0	1.351,8
Inter-annual variation in %	-8,4	-14,2	26,2	19,9	12,3
<b>Trade Balance</b>	228,6	267,6	491,8	79,2	-442,0
GDP %	0,6	0,7	1,2	0,2	-0,9
<b>Current Account</b>	-218,9	691,7	-305,2	-2.713,0	n/d
GDP %	-0,6	1,9	-0,8	-6,8	n/d
<b>Capital and Financial Account</b>	-170,3	-1.240,1	-1.038,9	-1.916,9	n/d
GDP %	-0,9	-6,9	-5,3	-9,6	n/d
Direct Foreign Investment	-129,8	-24,4	112,2	250,9	n/d
GDP %	-0,3	-0,1	0,3	0,6	n/d
<b>International Reserves</b>	8.306,0	8.241,1	9.970,3	9.506,0	9.684,2
GDP %	21,4	22,8	25,3	23,8	19,3

### Public Sector

#### (GDP %)

<b>Income</b>	14,2	13,5	13,7	14,1	2,8
<i>Which: Taxation Income represents</i>	10,0	9,5	9,8	10,3	2,1
<b>Expenses</b>	17,0	19,7	17,3	17,1	3,9
<i>Which: Payment of interests represents</i>	0,8	1,1	1,1	1,2	0,4
<b>Primary Balance</b>	-2,0	-5,1	-2,5	-1,8	-0,7
<b>Taxable Income</b>	-2,8	-6,1	-3,6	-3,0	-1,1
<b>Total Debt of the Public Sector</b>	22,9	33,8	33,8	36,6	37,1
<b>Public External Debt</b>	18,7	29,0	29,3	32,4	32,6
% Of the Total Public Debt	81,7	85,9	86,7	88,5	87,9
<b>Domestic Public Debt</b>	4,2	4,8	4,5	4,2	4,5
% Of the Total Public Debt	18,3	14,1	13,3	11,5	12,1
<b>Service of the Domestic Public Debt</b>	1,3	1,6	0,1	0,1	0,3



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General Directorate of Debt Policy

**References:**

**Remarks and Sources:** Chart prepared by the Directorate of Indebtedness Policy (DPE, Ministry of Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of April 24, 2023) and the Ministry of Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of March, 2023 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M03: March); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (\*) means preliminary data subject to changes and (\*\*) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of March, 2023 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binational mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the Hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2023 correspond to March, 2023 (2023, M3). Exports include re-exports and other exports. The inter-annual variation of exports/imports as of March, 2023 (March, 2023/March, 2022) obtains the accrued variation of exports/imports of the total exports and imports accrued from March, 2023, concerning the same period of the year 2022.





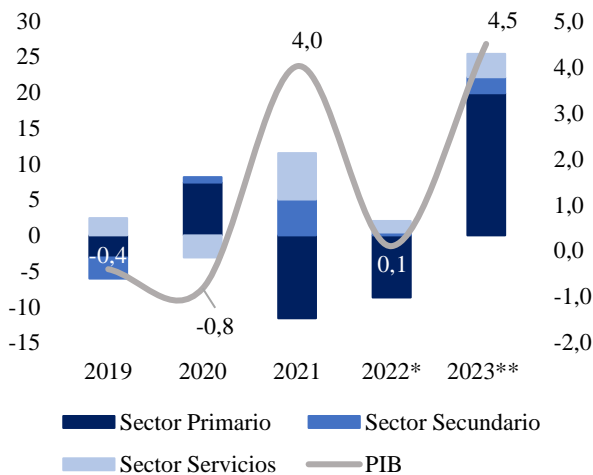
## Macroeconomic Outlook of Paraguay

April 2023

**In March, the BCP announced that Paraguay's GDP growth forecast for 2023 remains at 4.5%.**

The positive outlook is mainly due to the recovery of agriculture and related sectors, after a complex year for these sectors in 2022, due to the consequences of the drought. Likewise, there has been a greater production of electrical energy by binational companies due to the favorable climatic conditions registered and the positive perspectives for the coming months. In addition, good dynamics are expected in the tertiary sector, especially in commerce and other services.

**Chart 1:** Percentage variation by branch of GDP growth (2019-2023).



Source: Central Bank of Paraguay (2023)



## International context

The growth prospects of the world economy have improved for 2023, however, moderate growth is expected for 2024. It should be noted that, although a positive projection is observed in the first quarter of 2023, an economic slowdown is estimated for the United States and the Eurozone, referring to the year 2022 due to the risks related to recent volatility in the financial sector, the persistence of higher borrowing costs and other events.

**Table 1:** World growth. Annual variation, percentage

	2022	2023	2024
World	3,1	2,4	2,9
USA	2,1	0,9	1,2
Eurozone	3,5	0,5	1,2
China	3	5,3	5
Brazil	3	0,9	1,7
Argentina	5,3	-0,4	1
Commercial Partners	3,2	0,6	1,9
MERCOSUR Partners	4,1	0,2	1,4

Source: Bloomberg

In **China**, growth prospects improved after abandoning zero-tolerance policies against COVID-19.

The prospects for **Paraguay's main trading partners** remain at 0.6% for this year and moderate rates are forecast for 2024. Regarding Mercosur partners, the projection was adjusted downward from 0.8 to 0.2 in 2023, explained by the expected contraction in Argentina.

The perspective for the **main countries of the region**, for Brazil, a small upward correction of GDP growth for this year, which stood at 0.9%

for 2023. For its part, for Argentina, growth for 2023 dropped to -0.4%.



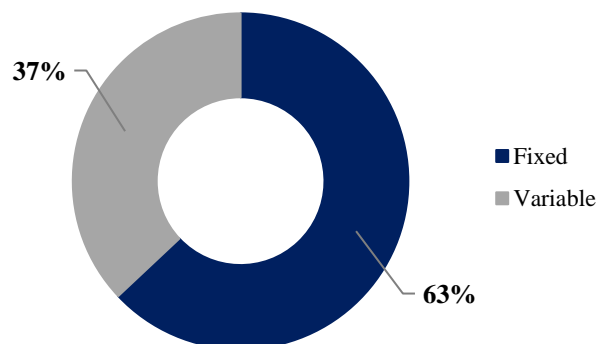
### Total Public Sector Debt Levels and Structures

Law 1535/2000 on “Financial Administration of the State”, in its Article No. 42, establishes that public debt will be classified as internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; For its part, the indirect debt of the Central Administration is constituted by any natural or legal person, public or private, other than it, but which has its corresponding guarantee or surety, duly authorized by law (State companies, banks second floor, etc.)

In April, there has been a debt level of the Total Public Sector of 34.3% of the GDP, which is considered sustainable for the public finances of the country, and it is one of the lowest levels of debt in the region.

Concerning the debt classification of the total public sector, according to the rate type as of April, it has been kept in 63% at a fixed rate and 37% at a variable rate.

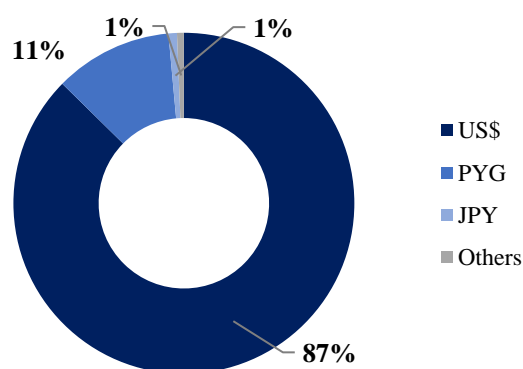
**Figure 1:** Total public debt balance according to the rate of interest.



Source: Sub-secretariat of State of Economy

The public debt structure per currency in the fourth month of 2023 presented a greater concentration in US\$ (87.4%), followed by the PYG (11.2%), JPY (0.8%) and other currencies, having (0.6%). It is worth pointing out that the greater debt ratio in Dollars does not represent a risk for the country since Paraguay receives income in Dollars as annual royalties for the hydraulic potential use of the Parana River for the production of electricity coming for the binational entities (Itaipu and Yacyreta).

**Figure 2:** Total public debt balance per currency in percentage



Source: Sub-secretariat of State of Economy



### Average debt maturity time:

Due to placements in international markets with longer terms than those of domestic markets, an increase in the average maturity of the Total Public Sector Debt (ATM) of 11.6 years has been achieved (2015) to 12.3 years (April 2021). This allows greater room for maneuver in public debt.

**Table 2:** Average maturity of the debt. (Years\*)

Years	Total Public Sector		Total Debt
	External Debt	Domestic Debt	
2015	13,2	3,5	11,6
2016	12,3	4,1	11,1
2017	11,5	4,1	10,6
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3

\* Does not include perpetual debt with the BCP.

Source: Sub-secretariat of State of Economy



### Financial situation. April 2023.

In April, a deficit of US\$ 616.4 million was registered, which represented -1.4% of GDP. Likewise, a negative operating result of US\$ 273.1 million has been registered, which represents -0.6% of GDP.

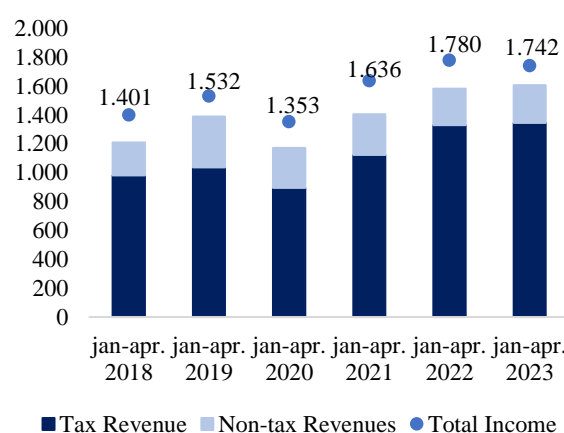
### In April 2023, income has shown an interannual variation of -2.1%.

Total income accrued achieved US\$ 1,741.82 million, having an inter-annual variation of -2.1% concerning the same period of 2022, explained by the low execution of taxes and the significant fall of social contributions. On the other hand, there has been registered a positive

variation of domestic tax collections (SET) and a lower collection of external taxes (DNA).

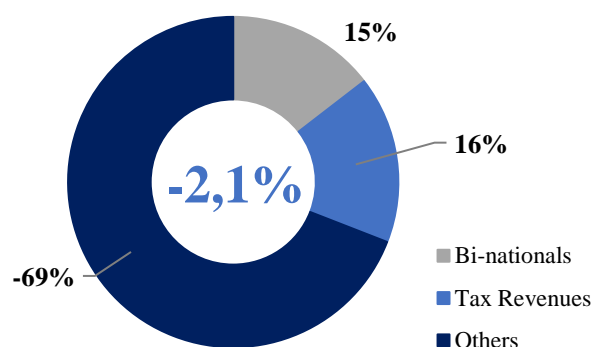
The tax collections' increase coming from the SET was due to a greater collection of the Value Added Tax, followed by the ISC and the IDU.

**Chart 2:** Income accrued as of April, 2023, in million Dollars.



Source: SITUFIN – Ministry of Finance (2023).

**Figure 3:** Income components in percentage.



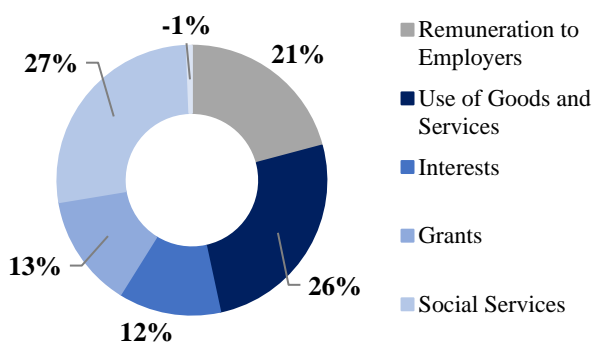
Source: SITUFIN - Ministry of Finance



**The total expense has shown an increase of 16%.**

As of April, 2023, there has been a 16% increase of the total expense concerning April, 2022. The increase has been mostly explained by the following sectors' demand, health, education and security. On the other hand, remunerations have lowered their participation in the expense, giving room to the payment of social services and interests.

**Figure 4:** Composition of percentage accrued expenses as of April, 2023.

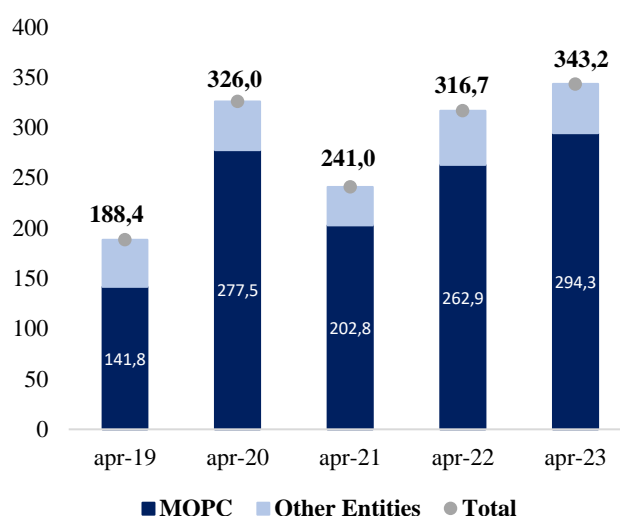


Source: SITUFIN - Ministry of Finance

### Investment Level as of April, 2023:

The placement level of public investment in the fourth month of 2023 has registered a greater average than the ones of the last 5 years, and therefore, the strategic investment aimed at the economic recovery according to the fiscal convergence plan has been kept.

**Chart 3:** Accrued Investment, in millions of US\$

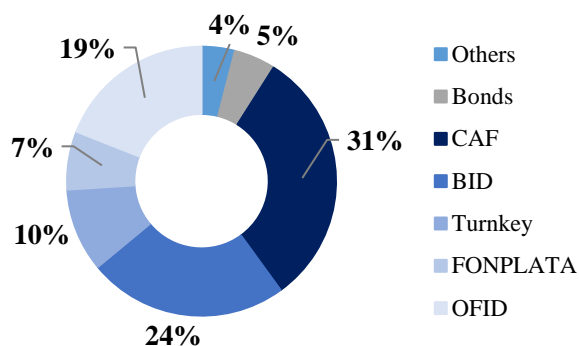


Source: SITUFIN - Ministry of Finance.

### Investment of the Ministry of Public Works and Communication (MOPC) classified per financing.

As of April, 2023, the investment of the Ministry of Public Works and Communications (MOPC) has shown the following figures: US\$ 13.2 million corresponding to Bonds; US\$ 90.4 million of the Inter American Bank of Development (IDB); US\$ 29.9 million corresponding to Turnkey; US\$ 71.6 million corresponding to Andean Development Corporation (CAF); US\$ 57.1 million corresponding to the OPEP Fund for the International Development (OFID); and US\$ 32.1 million corresponding to other organisms, representing an inter-annual variation of US\$ 294.3 million concerning the total investment.

**Figure 5:** Investment percentage in MOPC, classified per financing



Source: SITUFIN - Ministry of Finance



## Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.

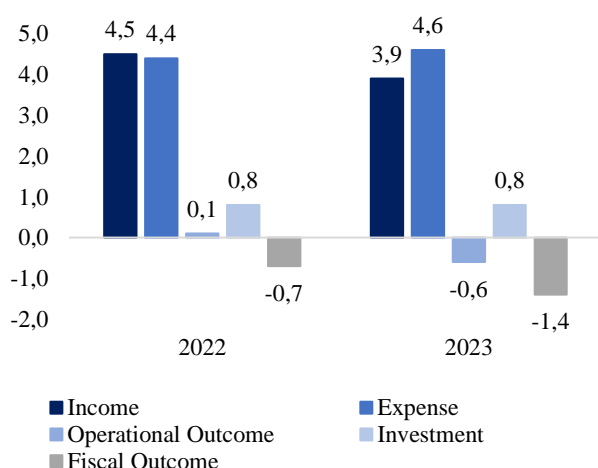
## Inflation

The inflation, measured by the variation between the Consumer Price Index, is 4.0%, having a tolerance range of 2 points upwards and 2 points below the goal, which makes the inflation fluctuate within the goal range, considering the Paraguayan economy exposure to external shocks given its features of a small and open economy.

## Fiscal Indicators in GDP percentage, April, 2023

As of April, 2023, there has been a fiscal outcome of -1.4% of the GDP, having an investment level of 0.8%, and being the annualized fiscal outcome -3.5% of the GDP.

**Chart 4:** Fiscal Indicators in GDP percentage



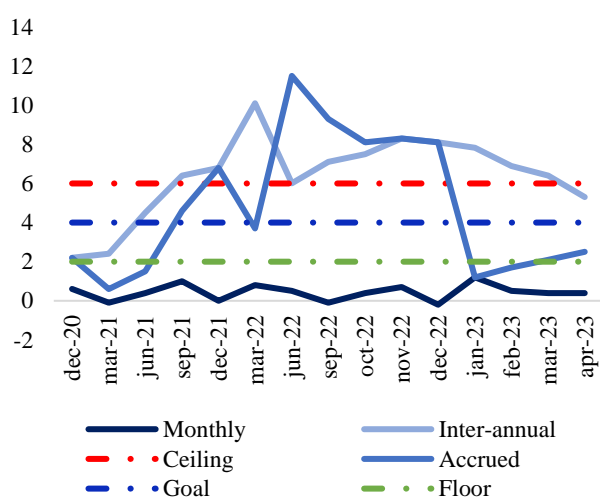
Source: SITUFIN - Ministry of Finance

According to the external context, inflation rates of United States and the Eurozone have shown moderating signs, although it was expected that they kept high levels considering their respective goals. On the other hand, according to interannual inflation levels of the region, a deceleration has been verified; however, in view of the underlying inflation, high rates have been observed.

In interannual terms, the inflation has been downwards in April, there has been an accrued inflation in the first four months of 2.5%. The interannual inflation this month was 5.3%, being

lower to the one registered in the same period in 2022, 11.8%. In monthly terms, inflation has presented a slight increase concerning the same period of the previous year due to the increases registered in food prices, electricity supply services and goods and services related to education.

**Chart 5:** Inflation as of April, 2023, in percentage.



Source: Central Bank of Paraguay



### Rate of Interest of the Monetary Policy

This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.

**In April 2023, the Monetary Policy Rate (MPR) has remained at 8.5%.**

The Monetary Policy Committee (CPM) has decided to maintain the Monetary Policy Rate (TPM) in order to guarantee compliance with the

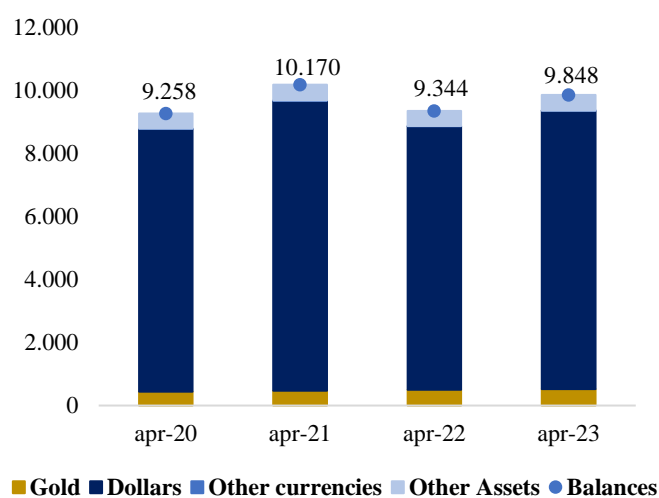


4% target for monetary policy. The CPM emphasized the persistent moderation in the prices of raw materials, as well as the lower economic prospects for 2023 in the region and globally.

### Net International Reserves

The Net International Reserves' stock has reached a US\$ 9,848.3 million balance as of April, 2023, showing a variation of 1.7% concerning March, 2023 and consists of US\$ 524.42 million corresponding to Gold; US\$ 8,821.45 million Dollars; US\$ 5.86 million in other currencies and US\$ 496.59 concerning other assets.

**Chart 6:** RIN composition, in million Dollars.



Source: Central Bank of Paraguay





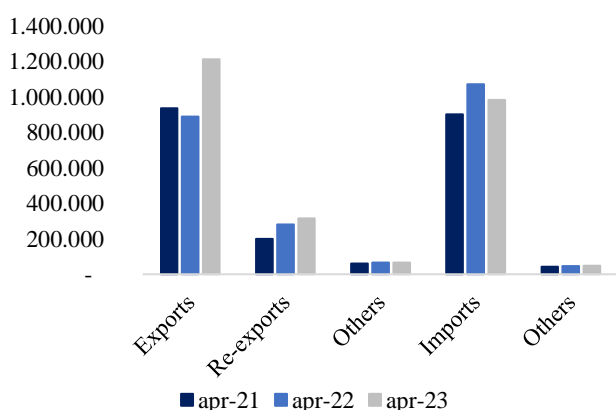
## Balance of Trade

As of April, 2023, foreign trade figures (Exports plus Imports) represented US\$ 2,638.24 million, showing an 11.5% variation concerning April, 2022.

Total exports accrued as of April, 2023, were US\$ 1,594.93 million, having a 28.7% variation concerning April, 2022.

The balance of trade for this month of 2023, has registered USD 561.61 million in favor of exports.

**Chart 7:** Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay



## Credit Perspective of Paraguay

Paraguay has managed to keep the country risk rating and the stable perspective with the credit rating agencies Fitch and Standard & Poor's (S&P), and even improving to positive with Moody's Investors Service (Moody's), in spite of the uncertainty worldwide, and in view of this context, many countries of the region have had reductions in their risk ratings and perspectives

respectively, being Paraguay one of the few countries which has not been affected concerning its risk rating.

**Table 3:** Sovereign Risk Ratings 2023

Risk Rating Agency	Rate	Perspective	Last Review
<b>S&amp;P</b>	BB	Stable	29-mar-2023
<b>Moody's</b>	Ba1	Positive	04-aug-2022
<b>Fitch</b>	BB+	Stable	22-nov-2022

Source: Sub-secretariat of State of Economy

The risk rating agencies mentioned that Paraguay has managed to make progress in structural reforms related to the strengthening of fiscal institutions, which have helped reinforce credibility in macroeconomic policies. Likewise, the resilience of the economy in the face of external and internal shocks has contributed to maintaining the country's risk ratings in the face of complex situations.

S&P reviewed the risk rating in March 2023 and decided to maintain the risk rating at BB with a stable outlook. In addition, the risk rating agency has mentioned in its report that they expect continuity in policies after the change of government.

## Paraguay is close to the investment grade

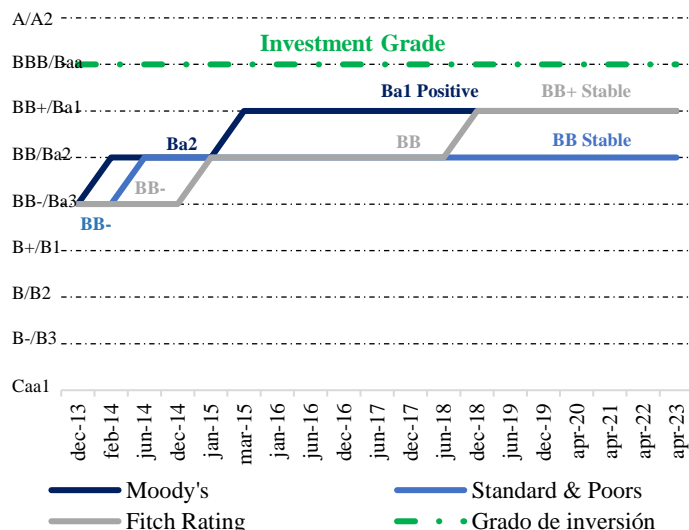
Moody's, in view of its report on "*Sovereigns-Global: Fallen angel sovereigns' path back to investment grade is challenging, paved with reforms*", published on April 25, 2023, has mentioned that the fiscal weakness has been a significant factor that has caused that many countries have lost their "investment grade".

In this sense, they reinforce the importance of improving the fiscal and growth perspectives. In addition, they emphasize that the countries which have managed to go back to the “investment grade”, have been those which have fostered wide and deep policy reforms.

Moody's has highlighted Paraguay, which currently has a Ba1 rating with a positive outlook (one notch from investment grade), highlighting that the country has a potential opportunity to upgrade to investment grade.

In view of their report, they mention that the positive perspective achieved in July, 2022, shows that the country, after a solid growth and a prudent fiscal policy, favorably compares to countries rated with Baa. In addition, they point out that the structure and fiscal reforms supports the institutional strength and the governability. Paraguay has established not only its fiscal discipline but also its resilience to shocks during the last decade.

**Chart 8: Sovereign Risk Rating of Paraguay**  
Period 2013 – 2023



Source: Sub-secretariat of State of Economy

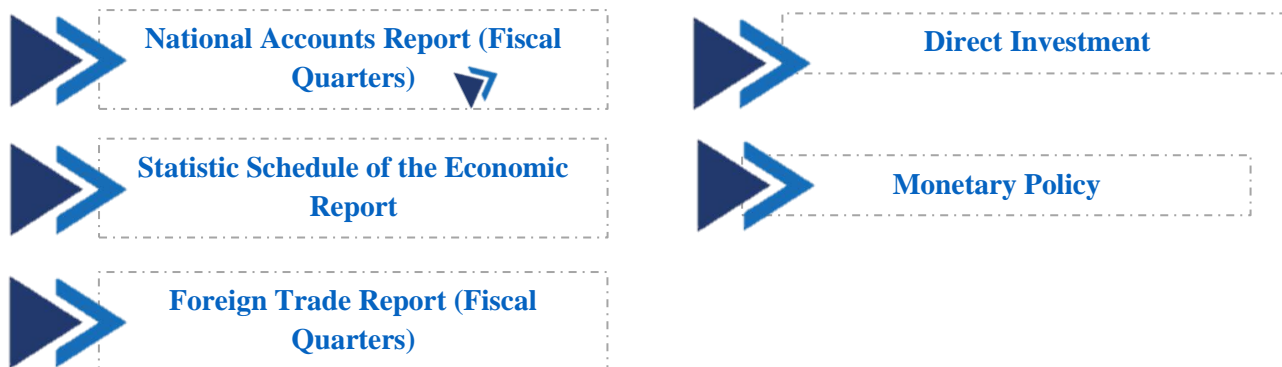




## Other accesses of interest

Please click on the text to address to the Web Site 

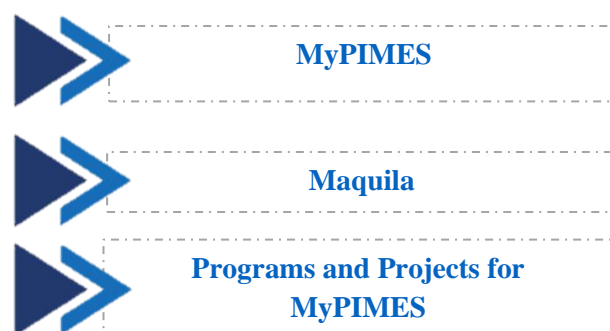
### Monetary Policy Reports



### ODS Objectives



### Ministry of Industry and Trade



### Environmental Actions

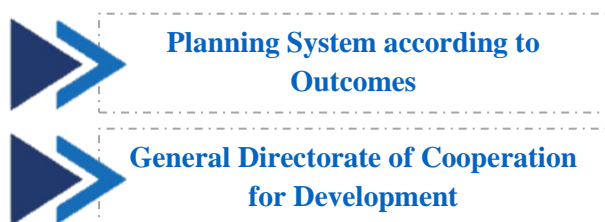


Viceministry of Economy and Planning  
General Directorate of Debt Policy

### Ministry of Finance



### Technical Secretariat of Planning (STP)



### Financial Agency of Development



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Viceministry of Economy and Planning  
General Directorate of Debt Policy



**Schedule**





### Economic Indicators / 2019 – 2023

	2019	2020	2021	2022(*)	2023(**)
<b>Real Sector</b>					
Population (million)	7.152,7	7.252,8	7.353	7.453,7	7.554,8
GDP (USD million)	46.360	45.980	47.827	47.863	50.019
GDP per capita (USD)	6.481	6.340	6.504	6.429	6.629
GDP (annual variation in %)	3,2	1,0	0,3	1,7	n/d
Total Consumption (annual variation in %)	2,2	-2,2	5,5	1,0	3,0
Capital Investment (annual variation in %)	-6,1	5,3	18,2	-2,3	-2,5
Unemployed Rate (open)	5,7	7,2	6,8	5,7	n/d
<b>Economy Structure</b>					
<b>Interannual variation</b>					
<b>In view of Supply</b>					
<b>Primary Sector</b>	-3,1	7,4	-11,6	-8,7	19,9
Agriculture	-4,4	9,0	-18,2	-12,7	30,0
Livestock	1,2	4,4	6,2	-0,3	1,9
Others	-1,1	0,9	6,8	-0,7	0,4
<b>Secondary Sector</b>	-3,0	0,7	5,0	0,4	2,2
Industry	-1,1	-1,3	6,9	0,1	2,0
Construction	2,5	10,5	12,8	-4,3	-2,6
Binationals	-11,5	-2,3	-7,6	6,8	7,9
<b>Tertiary Sector</b>	2,4	-3,1	6,5	1,6	3,3
General Government	4,3	6,4	-3,4	-0,5	3,7
Trade	-1,2	-8,1	14,3	3,4	3,2
Communications	4,6	6,1	4,5	-2,3	2,8
Other Services	3,0	-5,7	7,7	2,2	3,5
Taxes	-2,7	-5,1	9,0	0,7	4,0
<b>In view of Demand</b>					
Total Investment	6.245,4	6.109,6	7.007,8	6.688,9	6.421,9
Total Consumption	26.434,4	24.009,4	24.573,3	23.942,7	23.493,3
Exports	12.059,7	10.500,6	10.883,2	10.015,5	11.314,1
Imports	11.341,1	9.205,3	11.386,9	11.245,4	10.849,4
<b>Monetary and Financial Sector</b>					
Rate of Exchange (PYG per USD, fdp)	6.449,6	6.944,0	6.815,5	7.238,7	7.173,0
Inflation (CPI, annual variation in %, Average, last 12 months)	3,1	2,0	2,5	11,8	5,3
Inter-banking rate of interest (% , fdp)	4,68	1,57	0,55	6,47	8,67
Monetary Aggregates (annual variation of M2 in %)	5,9	13,0	14,7	0,7	8,3
Dollarization Ratio (% of banking deposits in ME)	44,3	44,1	45,3	45,9	47,0





Viceministry of Economy and Planning  
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Banking sector credits granted to the private sector (% of the GDP)	20,4	3,4	9,4	12,5	9,8
Real Salary (annual variation, %)	3,2	1,1	5,5	6,9	n/d
<b>External Sector</b>					
<b>(Millions of USD)</b>					
<b>Exports</b>	1.157,1	684,6	1.196,8	1.238,9	1.594,9
Inter-annual variation in %	-9,6	-40,8	74,8	3,5	28,7
<b>Imports</b>	988,6	498,4	946,3	1.118,7	1.033,3
Inter-annual variation in %	-9,9	-49,6	89,9	18,2	-7,6
<b>Trade Balance</b>	168,5	186,2	250,5	120,2	-561,6
GDP %	0,4	0,4	0,5	0,3	-1,1
<b>Current Account</b>	-218,9	691,7	-305,2	-2.713,0	n/d
GDP %	-0,5	1,5	-0,6	-5,7	n/d
<b>Capital and Financial Account</b>	-170,3	-1.240,1	-1.038,9	-1.916,9	n/d
GDP %	-0,7	-5,4	-4,3	-8,0	n/d
Direct Foreign Investment	-129,8	-24,4	112,2	250,9	n/d
GDP %	-0,3	-0,1	0,2	0,5	n/d
<b>International Reserves</b>	8.185,5	9.257,6	10.170,0	9.343,9	9.848,3
GDP %	17,7	20,1	21,3	19,5	19,7
<b>Public Sector</b>					
<b>(GDP %)</b>					
<b>Income</b>	14,2	13,5	13,7	14,1	4,0
<i>Which: Taxation Income represents</i>	10,0	9,5	9,8	10,3	3,1
<b>Expenses</b>	17,0	19,7	17,3	17,1	5,4
<i>Which: Payment of interests represents</i>	0,8	1,1	1,1	1,2	0,5
<b>Primary Balance</b>	-2,0	-5,1	-2,5	-1,8	-0,9
<b>Taxable Income</b>	-2,8	-6,1	-3,6	-3,0	-1,4
<b>Total Debt of the Public Sector</b>	22,9	33,8	33,8	36,0	34,3
<b>Public External Debt</b>	18,7	29,0	29,3	31,8	30,2
% Of the Total Public Debt	81,7	85,9	86,7	88,5	88,2
<b>Domestic Public Debt</b>	4,2	4,8	4,5	4,1	4,1
% Of the Total Public Debt	18,3	14,1	13,3	11,5	11,8
<b>Service of the Domestic Public Debt</b>	1,3	2,1	2,3	2,4	0,3



Viceministry of Economy and Planning  
General Directorate of Debt Policy

**References:**

**Remarks and Sources:** Chart prepared by the Directorate of Indebtedness Policy (DPE, Ministry of Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of June 9, 2023) and the Ministry of Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of April, 2023 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M04: April); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (\*) means preliminary data subject to changes and (\*\*) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of April, 2023 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binational mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2023 correspond to April, 2023 (2023, M4). Exports include re-exports and other exports. The inter-annual variation of exports/imports as of April, 2023 (Apr, 2023/Apr, 2022) obtains the accrued variation of exports/imports of the total exports and imports accrued from April, 2023, concerning the same period of the year 2022.



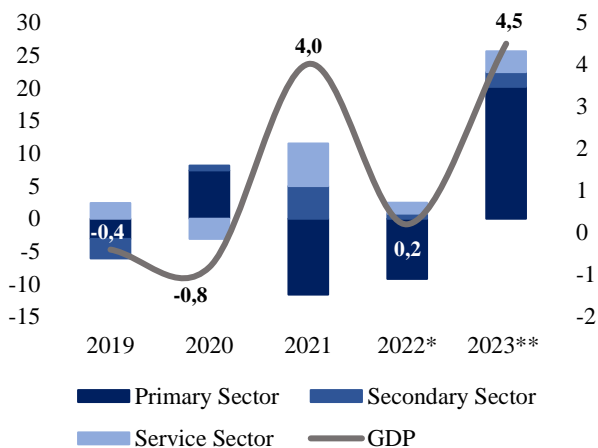
## Macroeconomic Outlook of Paraguay

May 2023

**In May, the GDP's growth projection in Paraguay is kept in 4.5% for 2023.**

The positive perspective is mainly due to the recovery of agriculture and related sectors after a complex year for these sectors as a consequence of the draught. Likewise, said positive perspective is due to a greater production of electricity by the binational companies, due to favorable weather conditions registered and the positive perspectives for the next months. In addition, a good dynamic of the tertiary sector has been anticipated, especially in trade and other services.

**Chart 1:** Percentage variation per line of business of the GDP growth (2019-2023).



Source: Central Bank of Paraguay

➤ [Statistical Schedule of the BCP](#)

➤ [BCP-IMAEP](#)

## International Context

The growth perspectives for the world economy have improved for 2023, however, a moderate growth is expected for 2024. It is worth pointing out that, although a positive projection has been observed in the first quarter of 2023, an economic deceleration is estimated for the **United States** and the **Eurozone**, concerning the year 2022 because of the risks related to recent volatilities in the financial sector, the persistence of higher costs due to indebtedness and other events.

**Table 1:** World growth. Annual variation, percentage.

	2022	2023	2024
World	3,1	2,4	2,9
U.S.A.	2,1	0,9	1,2
Eurozone	3,5	0,5	1,2
China	3	5,3	5
Brazil	3	0,9	1,7
Argentina	5,3	-0,4	1
Commercial Partners	3,2	0,6	1,9
MERCOSUR Partners	4,1	0,2	1,4

Source: Bloomberg

In **China**, the growth perspectives have improved after giving up the zero tolerance policy towards COVID-19.

The perspective for the **main commercial partners of Paraguay** is kept in 0.6% for this year and moderate rates are foreseen for 2024. Concerning the **Mercosur** partners, the projection has been adjusted downwards from 0.8 to 0.2 in 2023, due to the expected contraction in Argentina.



### Regional perspectives

According to the report on world economic perspectives of the World Bank in the regional context the past 2022, the growth of the main Latin American economies has been affected by a deceleration. This has been due to a reduction of the foreign demand and the restrictive monetary policies. During the fourth quarter, Argentina and Brazil have registered a contraction while other countries of the region have presented a slight growth. Therefore, this deceleration has moved to the projection for this year. According to these growth projections for Latin America, a deceleration is foreseen in 2023 having a perspective of 1.5% concerning the region's growth. This is because the advanced economies present a scarce growth projection, so there is a downward estimation in the exports demand. In addition, due to the restrictions in the monetary policy that has been implemented, there is a contribution to a high persistent inflation that prevents the recovery of the financial conditions, at least in a short term.



According to the report on GDP's Growth Review of the Central Bank of Paraguay (BCP), the perspectives for the main countries of the region, such as **Brazil**, shows a small upwards correction of GDP's growth, for this year, which has been located in a 0.9% for 2023. On the other hand, the growth for **Argentina** for 2023 has been reduced in -0.4%.



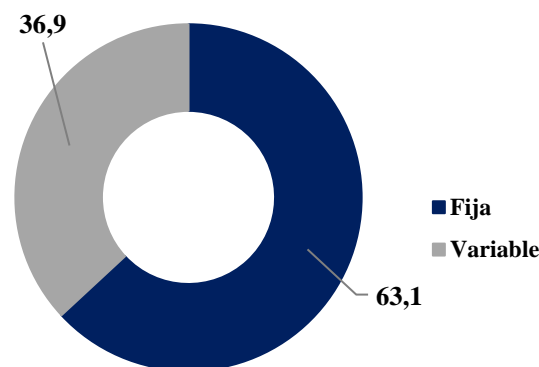
### Debt levels and structures of the Total Public Sector

The Law 1535/2000 on the "Financial Administration of the State", in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the indirect debt of the Central Administration is the one established by any natural or legal, public or private person, different from itself, but that has its corresponding guarantee or security, duly authorized by the law (state-owned companies, second-tier banks, etc.)

In May, there has been a debt level of the Total Public Sector of 34.4% of the GDP, which is considered sustainable for the public finances of the country, and it is one of the lowest levels of debt in the region.

Concerning the **debt classification of the total public sector, according to the rate type as of May**, it has been kept in 63.1% at a fixed rate and 36.9% at a variable rate.

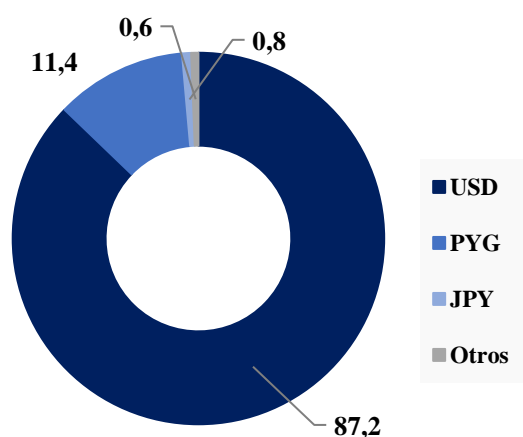
**Figure 1:** Total public debt balance according to the rate of interest



Source: Sub-secretariat of State of Economy

The public debt structure per currency in the fifth month of 2023 presented a greater concentration in USD (87.2%), followed by the PYG (11.4%), JPY (0.8%) and other currencies, having (0.6%). It is worth pointing out that the greater debt ratio in Dollars does not represent a risk for the country since Paraguay receives income in Dollars as annual royalties for the hydraulic potential use of the Parana River for the production of electricity coming for the binational entities (Itaipu and Yacyreta).

**Figure 2:** Total public debt balance per currency in percentage



Source: Sub-secretariat of State of Economy



**Average time of debt maturity:** Due to placements in the international markets in greater terms than the ones of the domestic markets, an increase of the average maturity of the Total Public Sector Debt (ATM) has been achieved from 11.6 years (2015) to 12.3 years (April 2021). This allows a greater maneuverability margin of the public debt.

**Table 2:** Debt Average maturity. (years\*)

Years	Total Public Sector		Total Debt
	External Debt	Domestic Debt	
2015	13,2	3,5	11,6
2016	12,3	4,1	11,1
2017	11,5	4,1	10,6
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3

\* Does not include perpetual debt with the BCP.

Source: Sub-secretariat of State of Economy



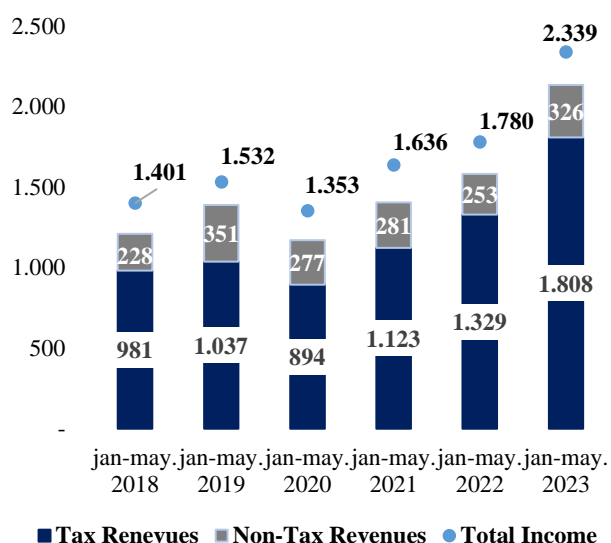
**Financial situation. May 2023.** In May, a USD 587.7 million deficit has been registered which represented -1.3% of the GDP. Likewise, a negative operational outcome of USD 195.7 million has been registered which represents -0.4% of the GDP.

**In May 2023, income has shown an interannual variation of 0.3%.**

Total income accrued achieved 2,339.34 million, having an inter-annual variation greater by 0.3% concerning the same period of 2022. On the other hand, there has been registered a positive variation of domestic tax collections (SET) and a slight lower collection of external taxes (DNA).

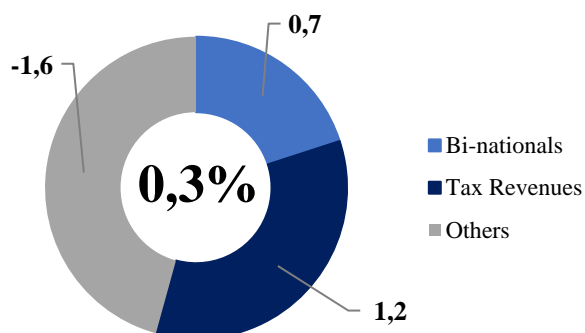
The tax collections' increase coming from the SET was due to a greater collection of the Value Added Tax, followed by the ISC and the IDU.

**Chart 2:** Income accrued as of May, 2023, in million Dollars.



Source: SITUFIN – Ministry of Finance

**Chart 3:** Income components in percentage



Source: SITUFIN - Ministry of Finance

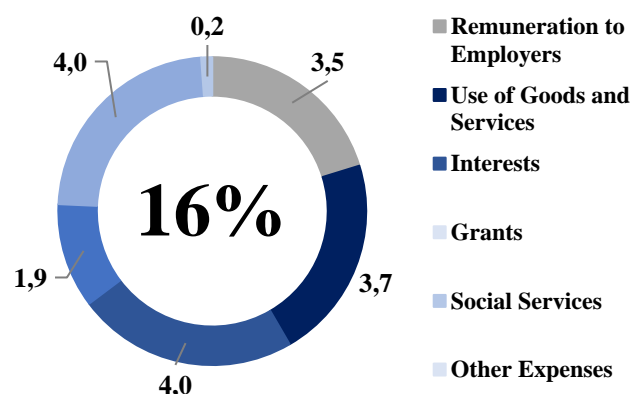


**The total expense has shown an increase of 17.3%.**

As of May, 2023, there has been a 17.3% increase of the total expense concerning May, 2022. The increase has been explained by the remunerations' dynamic, social services and the use of goods and services. On the other hand, remunerations have lowered their

participation in the total expense, giving room to the payment of goods, services and interests.

**Figure 3:** Composition of percentage accrued expenses as of May, 2023.

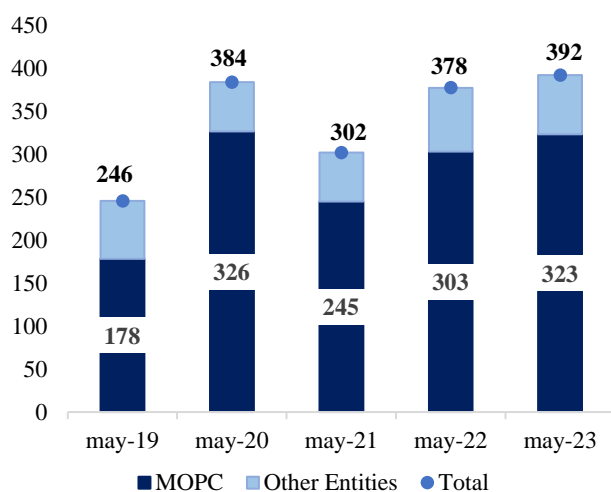


Source: SITUFIN – Ministry of Finance

**Investment Level as of May, 2023:**

The execution level of the public investment in May, 2023 has registered a greater average concerning the ones of the last 5 years, and thus, the strategic investment is kept aimed at the economic recovery and according to the fiscal convergence plan. aimed at the economic recovery according to the fiscal convergence plan has been kept.

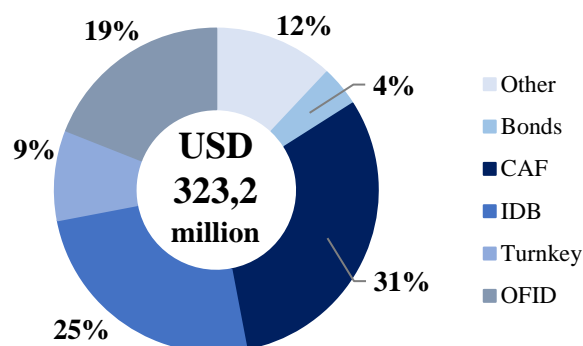
**Chart 4:** Accrued Investment, in millions of USD



Source: SITUFIN - Ministry of Finance

**Investment of the Ministry of Public Works and Communication (MOPC) classified per financing.** As of May, 2023, the investment of the Ministry of Public Works and Communications (MOPC) has shown the following figures: USD 12.4 million corresponding to **Bonds**; USD 79.7 million of the **Inter American Bank of Development (IDB)**; USD 29.7 million corresponding to **Turnkey**; USD 99.2 corresponding to **Andean Development Corporation (CAF)**; USD 62.2 million corresponding to the **OPEP Fund for the International Development (OFID)**; and USD 39.0 million corresponding to **Other Organisms**, representing an inter-annual variation of USD 323.2 million concerning the total investment.

**Figure 4:** Investment percentage in MOPC, classified per financing

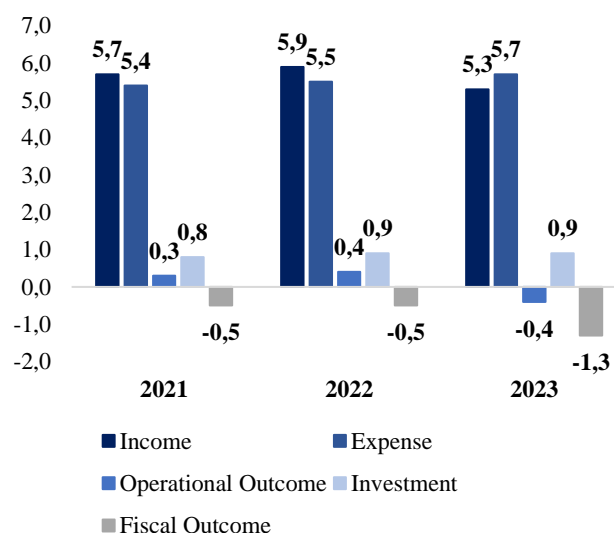


Source: SITUFIN - Ministry of Finance

**Fiscal Indicators in GDP percentage, May, 2023.**

As of May, 2023, there has been a fiscal outcome of -1.4% of the GDP, having an investment level of 0.9%, and being the annualized fiscal outcome -1.3% of the GDP.

**Chart 5:** Fiscal Indicators in GDP percentage



Source: SITUFIN - Ministry of Finance



## Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.

## Inflation

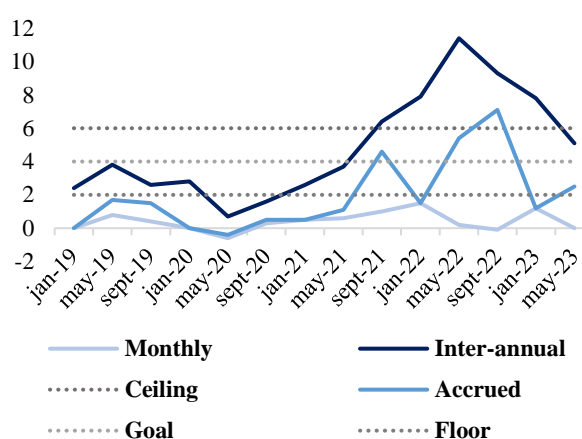
The inflation, measured by the variation between the Consumer Price Index, is 4.0%, having a tolerance range of 2 points upwards and 2 points below the goal, which makes the inflation fluctuate within the goal range, considering the Paraguayan economy exposure to external shocks given its features of a small and open economy.

According to the external context, inflation rates of United States and the Eurozone have shown moderating signs, although it was expected that they kept high levels considering their respective goals. On the other hand, according to interannual inflation levels of the region, a deceleration has been verified; however, in view of the underlying inflation, high rates have been observed.

Concerning the domestic economy, in interannual terms, the inflation has been downwards, there has been an accrued inflation in May of 2.5%. The interannual inflation this month was 5.1%, being lower to the one

registered in the same period in 2022, 11.4%. In monthly terms, inflation has not presented variations.

**Chart 6:** Inflation as of May, 2023, in percentage



Source: Central Bank of Paraguay



## Rate of Interest of the Monetary Policy

This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.

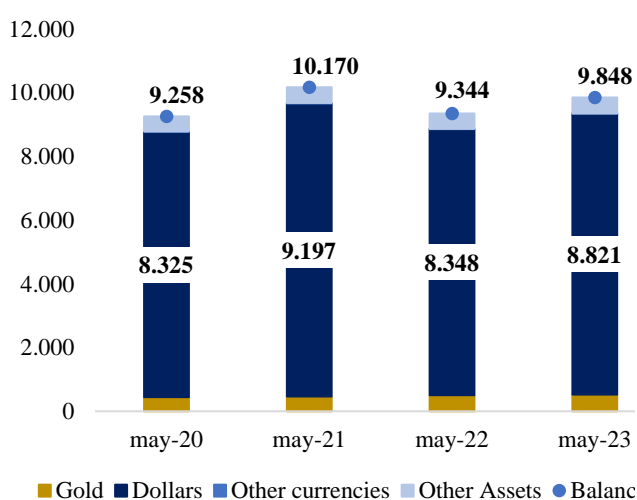
**In May, 2023, the Monetary Policy Rate (TPM) has been kept in 8.5%.** The Monetary Policy Committee (CPM) has decided to keep the Monetary Policy Rate (TPM) in order to guarantee the goal fulfillment of the 4% in view of the monetary policy. The CPM emphasized the persistent moderation in the commodities prices, as well as lower economic perspectives for 2023 in the region and at a world level as well.



### Net International Reserves

The Net International Reserves' stock has reached as of the fifth month of the year has achieved a USD 9,747.36 balance, showing a variation of -1.0% concerning April, 2023 and consists of USD 518.5 million corresponding to Gold; USD 8,729.42 million Dollars; USD 2.47 million in other currencies and USD 496.94 concerning other assets.

**Chart 7:** RIN composition, in million Dollars.



Source: Central Bank of Paraguay



### Balance of Trade

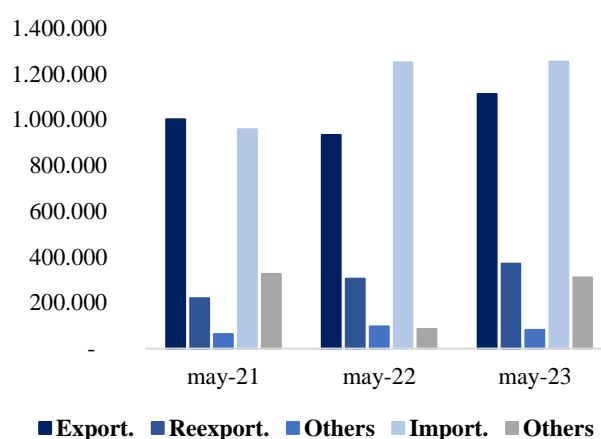
As of May, 2023, foreign trade figures (Exports plus Imports) represented USD 2,820.3 million, showing a 9.0% variation concerning May, 2022.

Total exports accrued as of May, 2023, were USD 1,566.0 million, having a 17.2% variation concerning May, 2022.

On the other hand, total imports accrued as of May, 2023, have been USD 1,254.2 million and present a positive variation of 0.2% concerning May, 2022.

The balance of trade for this month of 2023, has registered USD 311.8 million in favor of exports.

**Chart 8:** Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay



### Credit Perspective of Paraguay

Paraguay has managed to keep the country risk rating and the stable perspective with the credit rating agencies Fitch and Standard & Poor's (S&P), and even improving to positive with Moody's Investors Service (Moody's), in spite of the uncertainty worldwide, and in view of this context, many countries of the region have had reductions in their risk ratings and perspectives respectively, being Paraguay one of the few countries which has not been affected concerning its risk rating.



**Table 3: Sovereign Risk Ratings 2023**

Risk Rating Agency	Rate	Perspective	Last Review
S&P	BB	Stable	29-mar-2023
Moody's	Ba1	Positive	04-ago-2022
Fitch	BB+	Stable	22-nov-2022

Source: Sub-secretariat of State of Economy

The risk rating agencies mentioned that Paraguay has managed to achieve advances in the structure reforms related to the strengthening of the fiscal institutionality, which have helped to reinforce the credibility in the macroeconomic policies. Likewise, the resilience of the economy before the external and internal shocks has contributed to keep the risk ratings of the country under complex situations.

S&P has reviewed the risk rating in March, 2023, and decided to keep the risk rating in BB with a stable perspective. Besides, the mentioned risk rating agency has mentioned in its report that they expect a continuity in the policies after the change of government.

### Paraguay is close to the investment grade

Moody's, in view of its report on "*Sovereigns-Global: Fallen angel sovereigns' path back to investment grade is challenging, paved with reforms*", published on April 25, 2023, has mentioned that the fiscal weakness has been a significant factor that has caused that many countries have lost their "investment grade".

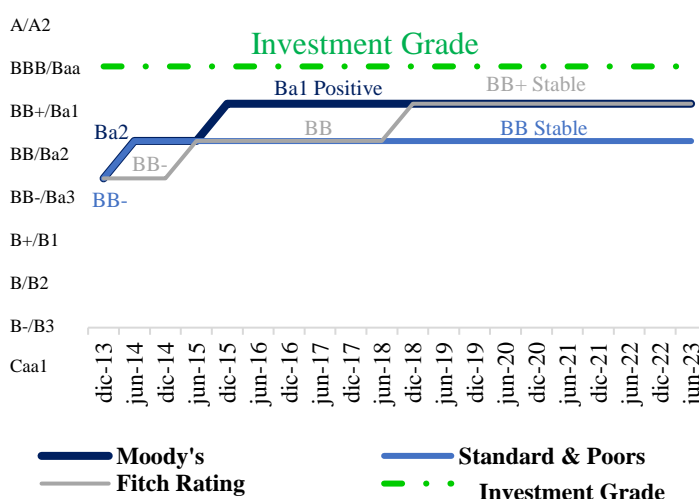
In this sense, they reinforce the importance of improving the fiscal and growth perspectives.

In addition, they emphasize that the countries which have managed to go back to the "investment grade", have been those which have fostered wide and deep policy reforms.

Moody's has highlighted Paraguay, which has currently the Ba1 rate having a positive perspective (close to the investment grade). They emphasize that the country has a potential opportunity for the risk rating upgrade to the investment grade.

In view of their report, they mention that the positive perspective achieved in July, 2022, shows that the country, after a solid growth and a prudent fiscal policy, favorably compares to countries rated with Baa. In addition, they point out that the structure and fiscal reforms supports the institutional strength and the governability. Paraguay has established not only its fiscal discipline but also its resilience to shocks during the last decade.

**Chart 9: Sovereign Risk Rating of Paraguay**



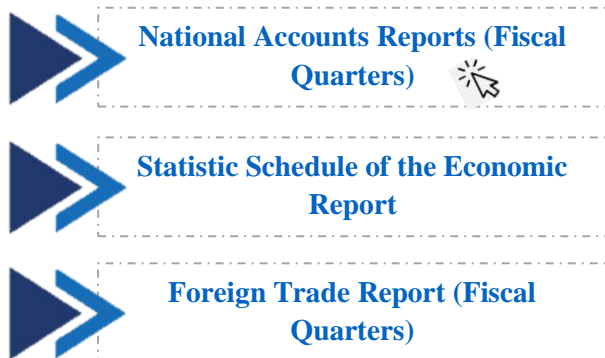
Source: Sub-secretariat of State of Economy



## Other accesses of interest

Please click on the text to address to the Web Site 

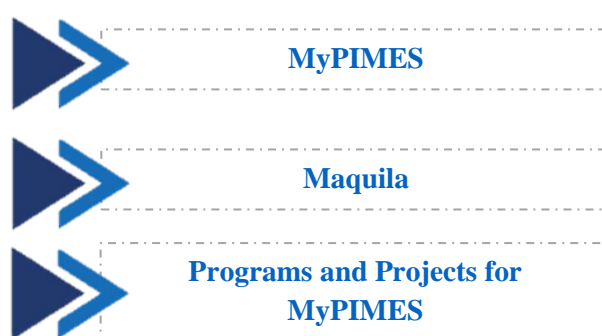
### Monetary Policy Reports



### ODS Objectives



### Ministry of Industry and Trade



### Environmental Actions



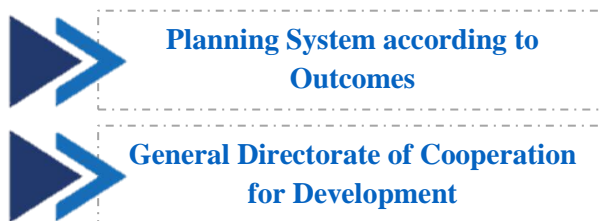


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General Directorate of Debt Policy

## Ministry of Finance



## Technical Secretariat of Planning (STP)



## Financial Agency of Development



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Viceministry of Economy and Planning  
General Directorate of Debt Policy





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General Directorate of Debt Policy

<b>Economic Indicators / 2019 – 2023</b>					
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022(*)</b>	<b>2023(**)</b>
<b>Real Sector</b>					
Population (million)	7.152,7	7.252,7	7.353	7.453,7	7.554,8
GDP (USD million)	46.360	45.980	47.827	47.863	50.019
GDP per capita (USD)	6.481	6.340	6.504	6.429	6.629
GDP (annual variation in %)	-0,4	-0,8	4,0	0,1	4,5
Total Consumption (annual variation in %)	2,2	-2,2	5,5	1,0	3,0
Capital Investment (annual variation in %)	-6,1	5,3	18,2	-2,3	-2,5
Unemployed Rate (open)	5,7	7,2	6,8	5,7	n/d
<b>Economy Structure</b>					
<b>Interannual variation</b>					
<b>In view of Supply</b>					
<b>Primary Sector</b>	-3,1	7,4	-11,6	-8,7	19,9
Agriculture	-4,4	9,0	-18,2	-12,7	30,0
Livestock	1,2	4,4	6,2	-0,3	1,9
Others	-1,1	0,9	6,8	-0,7	0,4
<b>Secondary Sector</b>	-3,0	0,7	5,0	0,4	2,2
Industry	-1,1	-1,3	6,9	0,1	2,0
Construction	2,5	10,5	12,8	-4,3	-2,6
Binationals	-11,5	-2,3	-7,6	6,8	7,9
<b>Tertiary Sector</b>	2,4	-3,1	6,5	1,6	3,3
General Government	4,3	6,4	-3,4	-0,5	3,7
Trade	-1,2	-8,1	14,3	3,4	3,2
Communications	4,6	6,1	4,5	-2,2	1,1
Other Services	3,0	-5,7	7,7	2,2	3,5
Taxes	-2,7	-5,1	9,0	0,5	4,0
<b>In view of Demand</b>					
<b>(Thousands of USD)</b>					
Total Investment	5.282,0	4.709,6	6.113,0	5.998,5	5.734,0
Total Consumption	22.356,7	18.507,9	21.435,8	21.731,2	21.953,5
Exports	10.487,4	8.080,5	9.052,4	8.940,3	10.365,8
Imports	9.862,4	7.083,8	9.471,4	10.038,2	9.940,1
<b>Monetary and Financial Sector</b>					
Rate of Exchange (PYG per USD, fdp)	7.164,1	8.460,0	7.707,2	7.675,9	7.829,2
Inflation (CPI, annual variation in %, Average, last 12 months)	3,1	2,0	2,5	11,8	5,1
Inter-banking rate of interest (% , fdp)	4,96	0,81	0,55	7,00	8,68
Monetary Aggregates (annual variation of M2 in %)	4,2	18,7	10,8	-0,4	9,0
Dollarization Ratio (% of banking deposits in ME)	44,3	44,1	45,3	45,9	47,0



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Banking sector credits granted to the private sector (% of the GDP)	20,4	3,4	9,4	12,5	9,8
Real Salary (annual variation, %)	3,2	1,1	5,5	6,9	n/d
<b>External Sector</b>					
<b>(Millions of USD)</b>					
<b>Exports</b>	1.093,7	809,5	1.284,9	1.336,5	1.566,0
Inter-annual variation in %	-12,5	-26,0	58,7	4,0	17,2
<b>Imports</b>	961,1	656,7	958,7	1.251,1	1.254,2
Inter-annual variation in %	-3,0	-31,7	46,0	30,5	0,2
<b>Trade Balance</b>	132,5	152,7	326,2	85,3	311,8
GDP %	0,3	0,3	0,7	0,2	0,6
<b>Current Account</b>	-218,9	691,7	-305,2	-2.776,6	-5,6
GDP %	-0,5	1,5	-0,6	-5,8	-0,01
<b>Capital and Financial Account</b>	-170,3	-1.240,1	-1.038,9	-1.977,1	656,66
GDP %	-0,7	-5,4	-4,3	-8,3	2,63
Direct Foreign Investment	-129,8	-24,4	112,2	250,9	56,2
GDP %	-0,3	-0,1	0,2	0,5	0,1
<b>International Reserves</b>	7.924,1	9.382,0	10.249,8	9.481,6	9.747,4
GDP %	17,1	20,4	21,4	19,8	19,5
<b>Public Sector</b>					
<b>(GDP %)</b>					
<b>Income</b>	14,2	13,5	13,7	14,1	5,3
<i>Which: Taxation Income represents</i>	10,0	9,5	9,8	10,3	4,1
<b>Expenses</b>	17,0	19,7	17,3	17,1	5,7
<i>Which: Payment of interests represents</i>	0,8	1,1	1,1	1,2	0,7
<b>Primary Balance</b>	-2,0	-5,1	-2,5	-1,8	-0,7
<b>Taxable Income</b>	-2,8	-6,1	-3,6	-3,0	-0,4
<b>Total Debt of the Public Sector</b>	22,9	33,8	33,8	36,0	34,9
<b>Public External Debt</b>	18,7	29,0	29,3	31,8	30,7
% Of the Total Public Debt	81,7	85,9	86,7	88,5	88,0
<b>Domestic Public Debt</b>	4,2	4,8	4,5	4,1	4,2
% Of the Total Public Debt	18,3	14,1	13,3	11,5	12,0
<b>Service of the Domestic Public Debt</b>	1,3	1,6	1,6	1,8	0,3

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General Directorate of Debt Policy

**References:**

**Remarks and Sources:** Chart prepared by the Directorate of Indebtedness Policy (DPE, Ministry of Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of July 3, 2023) and the Ministry of Finance.

1. The exchange rate corresponds to the one of the last working days of the year.
2. Income and Expenses as of May, 2023 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M05: May); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (\*) means preliminary data subject to changes and (\*\*) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of May, 2023 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binationals mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the Hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2023 correspond to May, 2023 (2023, M5). Exports include re-exports and other exports. The inter-annual variation of exports/imports as of May, 2023 (May, 2023/May, 2022) obtains the accrued variation of exports/imports of the total exports and imports accrued from May, 2023, concerning the same period of the year 2022.



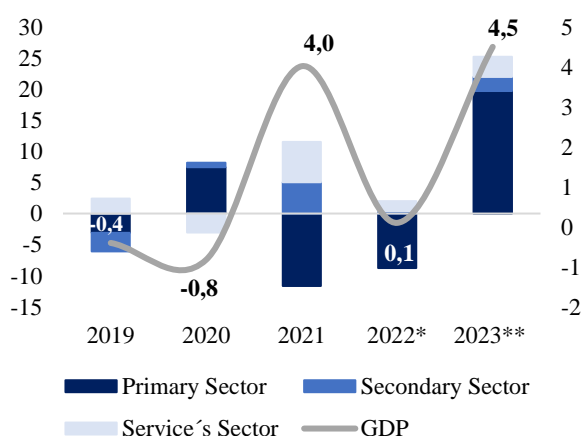
## Macroeconomic Overview of Paraguay

June 2023

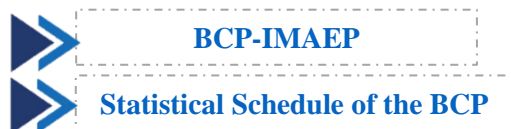
**In the sixth month of the year, the GDP growth projection of Paraguay is kept by 4.5%.**

The GDP has registered an inter-annual growth of 5.2% during the first quarter of 2023. This is due to the agricultural sector's recovery and, at the same time, the recovery of sectors related to agriculture. Concerning the expense, this inter-annual growth is mainly due to the positive behavior of the net exports. The private consumption, has been expanded, however, investments have been affected by the low dynamics of constructions. A positive growth perspective has been observed due to the behavior of agriculture and the production of energy, as well as the one of related sectors, however, a positive behavior is also observed in the dynamics of the sector related to services and manufacture.

**Chart 1:** Percentage variation per line of business of the GDP growth (2019-2023).



Source: Central Bank of Paraguay



## International Context

The growth perspectives for the world economy keeps improving for 2023, however, a moderate growth is expected for 2024. In United States, the Eurozone and China, an improvement in the growth perspective is expected concerning the ones indicated at the beginning of the year. This is due to the reduction of financial risks, the positive dynamics of the services' sector and the fast recovery of the demand in China compared to what has been expected.

In the **United States**, the GDP registered a quarterly annualized rate of 2.0%, surpassing the expectations of the market, mainly due to the increase of consumer's expenses, exports, residential fixed investment and the public expense. Although a contraction of the manufacturing sector has been observed, the positive behavior of the dynamics of the services' sector has contributed to the upwards review of growth, registering a variation of 0.9% to 1.3% for 2023.

**Table 1:** World growth. Annual variation, percentage

	2022	2023	2024
World	3,1	2,4	2,9
U.S.A.	2,1	0,9	1,2
Eurozone	3,5	0,5	1,2
China	3	5,3	5
Brazil	3	0,9	1,7
Argentina	5,3	-0,4	1
Comercial Partners	3,2	0,6	1,9
MERCOSUR Partners	4,1	0,2	1,4

Source: Bloomberg

In **China**, the growth perspectives have improved after giving up the zero tolerance policy towards COVID-19. The GDP has grown by 4.5% inter-annual in the first quarter

of the year, surpassing the estimations of the market of 4.0%. This is due to the positive behavior of the service’s sector. The GDP has registered upwards by 5.5% for this year due to this behavior.

The perspectives for **the main commercial partners of Paraguay** have increased from 0.6% to 0.8% for this year and moderate rates are foreseen for 2024. Concerning the **Mercosur** partners, the projection has been adjusted upwards from 0.2% to 0.4\$ in 2023, mainly due to the positive growth projection in Brazil.

### Regional perspectives

According to the report on GDP Growth Review of the Central Bank of Paraguay (BCP), the perspective for the main countries of the region, such as **Brazil**, shows a slight correction of GDP’s growth upwards for this year, which has been placed in 0.9% for 2023. On the other hand, growth for **Argentina** for 2023 has been reduced by -0.4%.



### Debt levels and structures of the Total Public Sector

The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the indirect debt of the Central Administration is the one established by any natural or legal, public or private person, different from itself, but that has its corresponding guarantee or security, duly

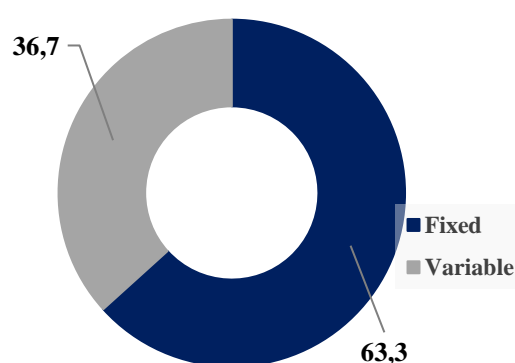


authorized by the law (state-owned companies, second-tier banks, etc.)

In June, there has been a debt level of the Total Public Sector of 35.1% of the GDP, which is considered sustainable for the public finances of the country, and it is one of the lowest levels of debt in the region.

Concerning the debt classification of the total public sector, **according to the rate type as of June**, it has been kept in 63.3% at a fixed rate and 36.7% at a variable rate.

**Figure 1:** Total public debt balance according to the rate of interest

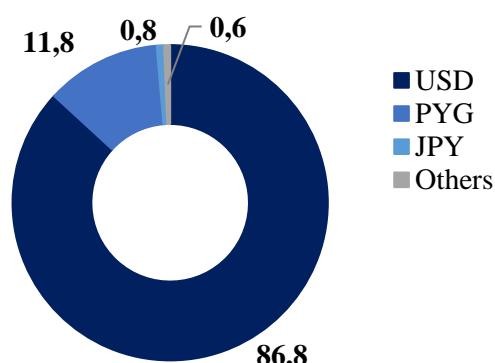


Source: Sub-secretariat of State of Economy

**The public debt structure per currency in the Sixth month of 2023** presented a greater concentration in USD (86.8%), followed by the PYG (11.4%), JPY (0.8%) and other currencies, having (0.6%). It is worth pointing out that the greater debt ratio in Dollars does not represent a risk for the country since Paraguay receives income in Dollars as annual royalties for the hydraulic potential use of the Parana River for the production of electricity coming for the binational entities (Itaipu and Yacyreta).



**Figure 2:** Total public debt balance per currency in percentage



Source: Sub-secretariat of State of Economy

**Debt Statistic**

**Average time of debt maturity:** Due to placements in the international markets in greater terms than the ones of the domestic markets, an increase of the average maturity of the Total Public Sector Debt (ATM) has been achieved from 11.6 years (2015) to 12.3 years (April 2021). This allows a greater maneuverability margin of the public debt.

**Table 2:** Debt Average maturity. (Years\*)

Years	Total Public Sector		Total Debt
	External Debt	Domestic Debt	
2015	13,2	3,5	11,6
2016	12,3	4,1	11,1
2017	11,5	4,1	10,6
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3

\* Does not include perpetual debt with the BCP.

Source: Sub-secretariat of State of Economy

**Financial situation. June 2023.** This month has registered a deficit of USD599.0 million representing the -1.37% of the GDP. Likewise,

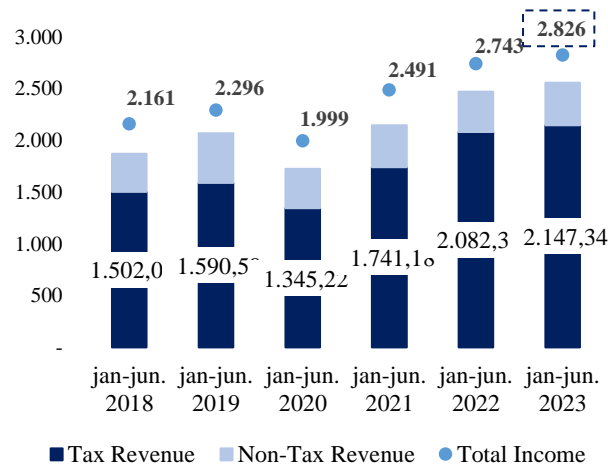
a negative operational outcome of USD 163.7 million has been registered which represents - 0.4% of the GDP.

**In June, 2023, income has shown an interannual variation of 0.3%.**

Total income accrued achieved 2,285.88 million, having a greater inter-annual variation by 3.0% concerning the same month of 2022. On the other hand, there has been registered a positive variation of domestic tax collections (SET) and a slight lower collection of external taxes (DNA).

The tax collections' increase coming from the SET was due to a greater collection of the Value Added Tax, followed by the ISC and the IDU.

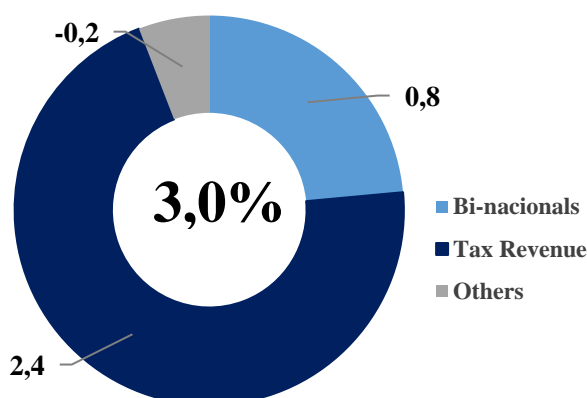
**Chart 2:** Income accrued as of June, 2023, in million Dollars.



Source: SITUFIN – Ministry of Finance.

**SITUFIN-2023**

**Chart 3:** Income components in percentage

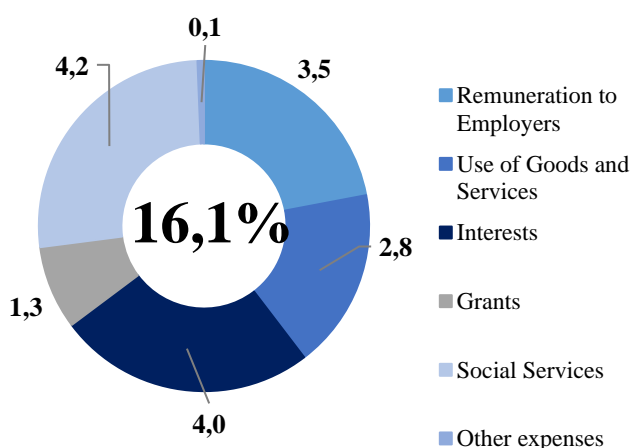


Source: SITUFIN - Ministry of Finance

**The total expense has shown an increase of 16.1%.**

As of June, 2023, there has been a 16.1% increase of the total expense concerning June, 2022. The increase has been explained by the dynamics of social services and interests. On the other hand, remunerations have lowered their participation in the total expense.

**Figure 3:** Composition of percentage accrued expenses as of June, 2023.

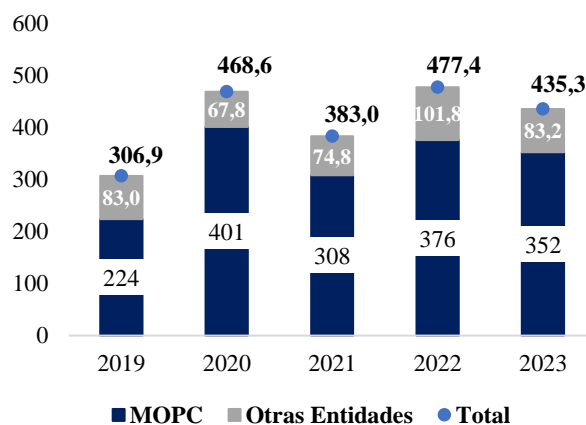


Source: SITUFIN - Ministry of Finance

**Investment Level as of June, 2023:**

The execution level of the public investment in June, 2023 has registered a total of USD 435.3 million, distributed as follows; USD 352.0 million for the Ministry of Public Works and Communications and USD 85.3 million in other entities, the lowest investment registered in Public Works is due to the incidence of Turnkey projects

**Chart 4:** Accrued Investment, in millions of USD



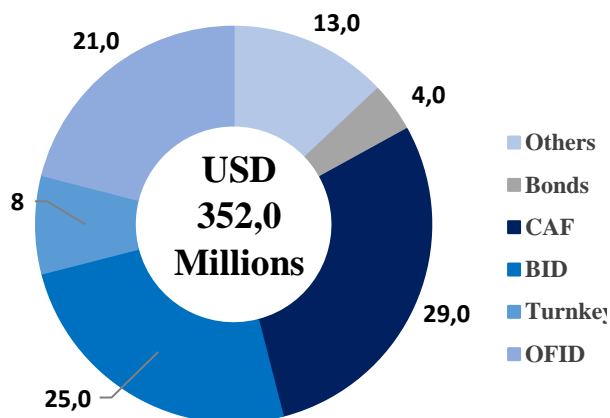
Source: SITUFIN - Ministry of Finance

**Investment of the Ministry of Public Works and Communication (MOPC) classified per financing.**

As of June, 2023, the investment of the Ministry of Public Works and Communications (MOPC) has shown the following figures: USD 14.7 million corresponding to **Bonds**; USD 86.4 million of the **Inter American Bank of Development (IDB)**; USD 29.5 million corresponding to **Turnkey**; USD 103.1 million corresponding to **Andean Development Corporation (CAF)**; USD 73.5 million corresponding to the **OPEP Fund for the International Development (OFID)**; and USD 44.8 million corresponding to **other**

organisms, representing an inter-annual variation of USD 352.0 million concerning the total investment.

**Figure 4:** Investment percentage in MOPC, classified per financing

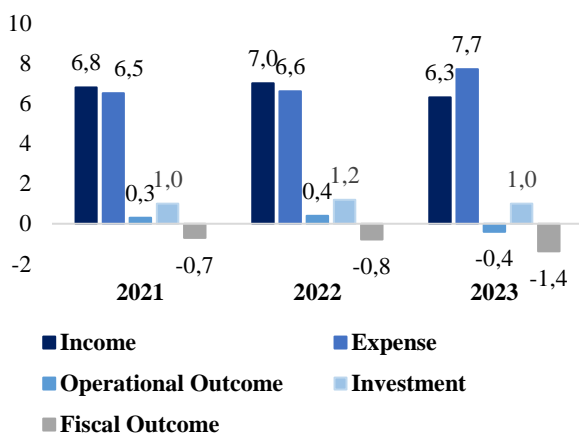


Source: SITUFIN - Ministry of Finance

### Fiscal Indicators in GDP percentage, June, 2023.

As of June, 2023, there has been a fiscal outcome of -1.37%, having an investment level of 1.0%, and being the annualized fiscal outcome -1.4% of the GDP.

**Chart 5:** Fiscal Indicators in GDP percentage



Source: SITUFIN - Ministry of Finance



### Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the *Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP)*, is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.

### Inflation

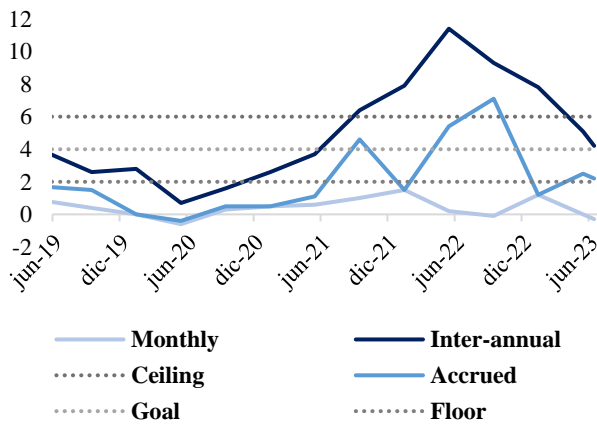
The inflation, measured by the variation between the Consumer Price Index, is 4.0%, having a tolerance range of 2 points upwards and 2 points below the goal, which makes the inflation fluctuate within the goal range, considering the Paraguayan economy exposure to external shocks given its features of a small and open economy.

According to the external context, inflation rates of United States and the Eurozone have shown moderating signs, although in United States the inflation is kept above the goal range so the Federal Reserve (Fed) decided to increase the goal range of the reference rate, at its May's meeting and it kept it at its July's meeting. The total inflation has been decelerated in the Eurozone in the second quarter of this year, however, it is kept above the goal range. On the other hand, according to interannual inflation levels of the region, a deceleration has been verified in most of the countries; however, the core inflation measures

keep high, so the Central Banks keep with a contractive monetary policy.

Concerning the domestic economy, in interannual terms, the inflation has been downwards, there has been an accrued inflation in June of 2.2%. The interannual inflation this month was 4.2%, being lower to the one registered in the same period in 2022, 11.3%. In monthly terms, inflation presented a variation of -0.3%.

**Chart 6:** Inflation as of June, 2023, in percentage



Source: Central Bank of Paraguay



### Rate of Interest of the Monetary Policy

This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.



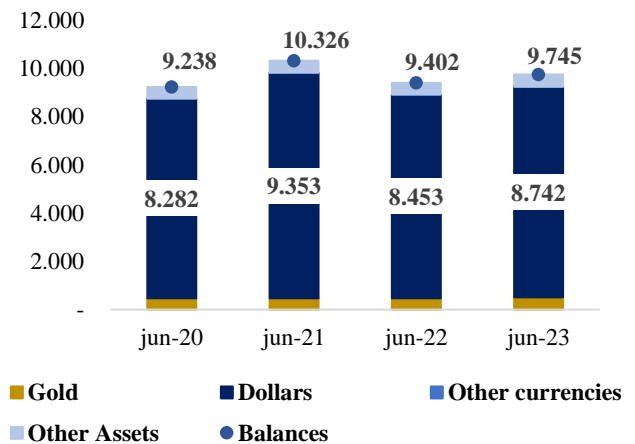
**In June, 2023, the Monetary Policy Rate (TPM) has been kept in 8.5%.** The Monetary Policy Committee (CPM) has decided to keep the Monetary Policy Rate (TPM) in order to

guarantee the goal fulfillment of 4% in view of the monetary policy. The CPM emphasized the persistent moderation in the commodities prices, as well as lower economic perspectives of economic growth for 2023 in the region and at a world level as well.

### Net International Reserves

The Net International Reserves' stock as of the sixth month of the year has achieved a USD 9,744.63 balance, showing a variation of -0.03% concerning May, 2023 and consists of USD 505.52 million corresponding to Gold; USD 8,741.98 million Dollars; USD 1.44 million in other currencies and USD 495.68 concerning other assets.

**Chart 7:** RIN composition, in million Dollars.



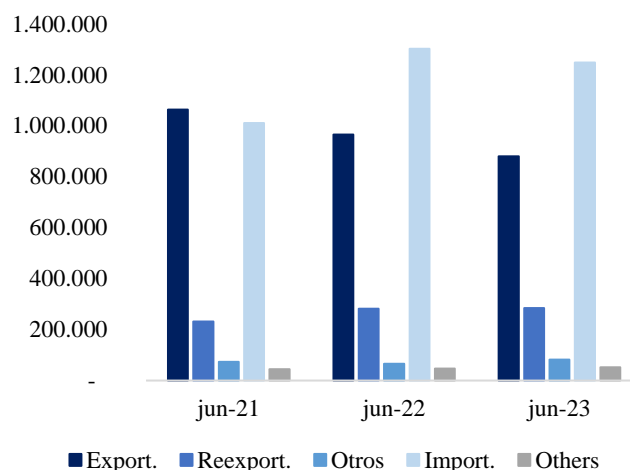
Source: Central Bank of Paraguay

### Balance of Trade

As of June, 2023, foreign trade figures (Exports plus Imports) represented USD 2,548.6 million. Total exports accrued as of June, 2023, were USD 1,246.8 million. On the other hand, total imports accrued as of June, 2023, have been USD 1,300.9 million, finally, the balance of

trade has been USD -54,110.7 million, in favor of imports.

**Chart 8:** Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay



### Credit Perspective of Paraguay

Paraguay has managed to keep the country risk rating and the stable perspective with the credit rating agencies Fitch and Standard & Poor's (S&P), and even improving to positive with Moody's Investors Service (Moody's), in spite of the uncertainty worldwide, and in view of this context, many countries of the region have had variations in their risk ratings and perspectives respectively, being Paraguay one of the few countries which has not been affected concerning its risk rating.

**Table 3:** Sovereign Risk Ratings 2023

Risk Rating Agency	Rate	Perspective	Last Review
S&P	BB	Stable	29-mar-2023
Moody's	Ba1	Positive	04-ago-2022
Fitch	BB+	Stable	22-nov-2022

Source: Sub-secretariat of State of Economy

The risk rating agencies mentioned that Paraguay has managed to achieve advances in the structure reforms related to the strengthening of the fiscal institutional, which have helped to reinforce the credibility in the macroeconomic policies. Likewise, the resilience of the economy before the external and internal shocks has contributed to keep the risk ratings of the country under complex situations.

S&P has reviewed the risk rating in March, 2023, and decided to keep the risk rating in BB with a stable perspective. Besides, the mentioned risk rating agency has mentioned in its report that they expect a continuity in the policies after the change of government.

### Paraguay is close to the investment grade

Moody's, in view of its report on published on April 25, 2023, has mentioned that the fiscal weakness has been a significant factor that has caused that many countries have lost their "investment grade".

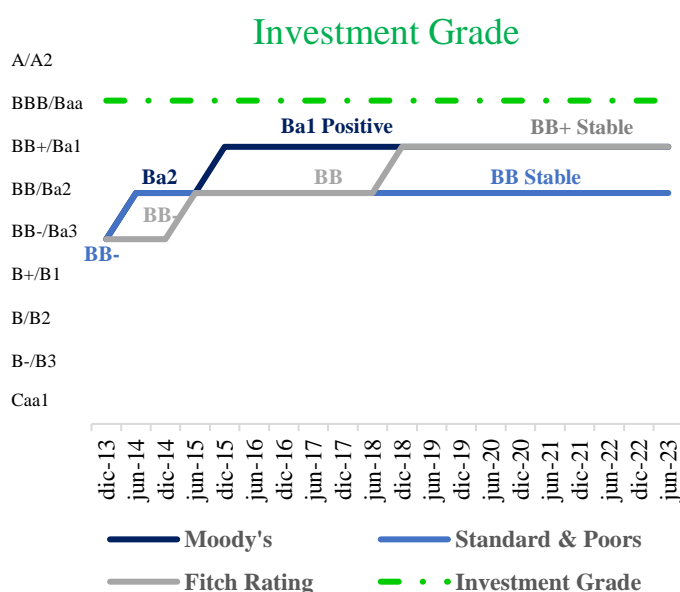
In this sense, they reinforce the importance of improving the fiscal and growth perspectives. In addition, they emphasize that the countries which have managed to go back to the

“investment grade”, have been those which have fostered wide and deep policy reforms.

Moody’s has highlighted Paraguay, which has currently the **Ba1 rate having a positive perspective (close to the investment grade)**. They emphasize that the country has a potential opportunity for the risk rating upgrade to the investment grade.

In view of their report, they mention that the positive perspective achieved in July, 2022, shows that the country, after a solid growth and a prudent fiscal policy, favorably compares to countries rated with Baa. In addition, they point out that the structure and fiscal reforms supports the institutional strength and the governability. Paraguay has established not only its fiscal discipline but also its resilience to shocks during the last decade.

**Chart 9:** Sovereign Risk Rating of Paraguay  
Period 2013 – 2023



Source: Sub-secretariat of State of Economy



## Other accesses of interest

Please click on the text to address to the Web Site



### Monetary Policy Reports

 [National Accounts Reports \(Fiscal Quarters\)](#) 

 [Statistic Schedule of the Economic Report](#)

 [Foreign Trade Report \(Fiscal Quarters\)](#)

 [Direct Investment](#)

 [Monetary Policy](#)

### ODS Objectives


 [Sustainable Paraguay](#)

 [Sustainable Development Objectives \(ODS\)](#)

### Ministry of Industry and Trade

 [MyPIMES](#)

 [Maquila](#)

 [Programs and Projects for MyPIMES](#)

### Environmental Actions

 [Legal Provisions on environmental policies and accions](#)



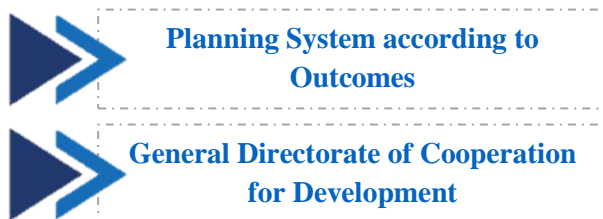


Viceministry of Economy and Planning  
General Directorate of Debt Policy

### Ministry of Finance



### Technical Secretariat of Planning (STP)



### Financial Agency of Development





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**Schedule**

Viceministry of Economy and Planning  
General Directorate of Debt Policy

**Economic Indicators / 2019 – 2023**

	2019	2020	2021	2022(*)	2023(**)
<b>Real Sector</b>					
Population (million)	7.152,7	7.252,7	7.353	7.453,7	7.554,8
GDP (USD million)	46.360	45.980	47.827	47.863	50.019
GDP per capita (USD)	6.481	6.340	6.504	6.429	6.629
GDP (annual variation in %)	-0,4	-0,8	4,0	0,1	4,5
Total Consumption (annual variation in %)	2,2	-2,2	5,5	1,0	3,0
Capital Investment (annual variation in %)	-6,1	5,3	18,2	-2,3	-3,0
Unemployed Rate (open)	5,7	7,2	6,8	5,7	n/d
<b>Economy Structure</b>					
<b>In view of Supply</b>					
<b>Primary Sector</b>	<b>-3,1</b>	<b>7,4</b>	<b>-11,6</b>	<b>-8,7</b>	<b>19,7</b>
Agriculture	-4,4	9,0	-18,2	-12,7	30,0
Livestock	1,2	4,4	6,2	-0,3	0,9
Others	-1,1	0,9	6,8	-0,7	0,4
<b>Secondary Sector</b>	<b>-3,0</b>	<b>0,7</b>	<b>5,0</b>	<b>0,4</b>	<b>2,2</b>
Industry	-1,1	-1,3	6,9	0,1	1,7
Construction	2,5	10,5	12,8	-4,3	-4,0
Binationals	-11,5	-2,3	-7,6	6,8	10,3
<b>Tertiary Sector</b>	<b>2,4</b>	<b>-3,1</b>	<b>6,5</b>	<b>1,6</b>	<b>3,2</b>
General Government	4,3	6,4	-3,4	-0,5	3,7
Trade	-1,2	-8,1	14,3	3,4	2,9
Communications	4,6	6,1	4,5	-2,2	1,1
Other Services	3,0	-5,7	7,7	2,2	3,5
Taxes	-2,7	-5,1	9,0	0,5	4,0
<b>In view of Demand</b>					
<b>In millions of USD</b>					
Total Investment	6.070,2	5.939,3	6.985,6	6.713,8	6.158,9
Total Consumption	25.693,2	23.339,9	24.495,5	24.322,6	23.702,0
Exports	12.052,5	10.190,2	10.344,6	10.006,5	11.270,9
Imports	11.334,3	8.933,2	10.823,4	11.235,2	10.789,1
<b>Monetary and Financial Sector</b>					
Rate of Exchange (PYG per USD, fdp)	6.233,7	6.708,5	6.744,5	6.858,1	7.251,7
Inflation (CPI, var. annual variation in %, average last 12 months)	2,8	0,5	4,5	11,5	4,2



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Inter-banking rate of interest (monthly average GDP, % fdp)	4,80	0,78	0,56	7,51	8,70
Monetary Aggregates (annual variation of M2 in %)	5,5	18,8	10,7	-1,0	9,9
Dollarization Ratio (% of banking deposits in ME)	44,9	44,2	45,9	45,9	47,5
Banking sector credits granted to the private sector (% of the GDP)	17,4	4,3	9,3	13,0	8,7
Real Salary (annual variation, %)	3,2	1,1	5,5	6,9	n/d

### External Sector

(Million of USD)

<b>Exports</b>	940,1	917,9	1.368,6	1.312,4	1.246,8
Inter-annual variation in %	-8,6	-2,4	49,1	-4,1	-5,0
<b>Imports</b>	844,4	819,3	1.055,8	1.350,1	1.300,9
Inter-annual variation in %	-12,7	-3,0	28,9	27,9	-3,7
<b>Trade Balance</b>	95,7	98,6	312,9	-37,7	-54,1
GDP %	0,2	0,2	0,7	-0,1	-0,1
<b>Current Account</b>	-218,9	691,7	-305,2	-2.776,6	-5,6
GDP %	-0,5	1,5	-0,6	-5,8	-0,01
<b>Capital and Financial Account</b>	-170,3	-1.240,1	-1.038,9	-1.977,1	656,66
GDP %	-0,4	-2,7	-2,2	-4,1	1,31
Direct Foreign Investment	-129,8	-24,4	112,2	250,9	56,2
GDP %	-0,3	-0,1	0,2	0,5	0,1
<b>International Reserves</b>	7.935,1	9.238,4	10.326,0	9.421,7	9.744,6
GDP %	17,1	20,1	21,6	19,7	19,5

### Public Sector

(GDP %)

<b>Incom</b>	<b>14,2</b>	<b>13,5</b>	<b>13,7</b>	<b>14,1</b>	<b>6,3</b>
<i>Which: Taxation Income represents</i>	10,0	9,5	9,8	10,3	4,8
<b>Expenses</b>	<b>17,0</b>	<b>19,7</b>	<b>17,3</b>	<b>17,1</b>	<b>7,7</b>
<i>Which: Payment of interests represents</i>	0,8	1,1	1,1	1,2	0,8
<b>Primary Balance</b>	<b>-2,0</b>	<b>-5,1</b>	<b>-2,5</b>	<b>-1,8</b>	<b>-0,6</b>
<b>Taxable income</b>	<b>-2,8</b>	<b>-6,1</b>	<b>-3,6</b>	<b>-3,0</b>	<b>-1,4</b>
<b>Total Debt of the Public Sector</b>	<b>22,9</b>	<b>33,8</b>	<b>33,8</b>	<b>36,0</b>	<b>35,1</b>
<b>Public External Debt</b>	<b>18,7</b>	<b>29,0</b>	<b>29,3</b>	<b>31,8</b>	<b>30,7</b>
% of the Total Public Debt	81,7	85,9	86,7	88,5	87,5
<b>Domestic Public Debt</b>	<b>4,2</b>	<b>4,8</b>	<b>4,5</b>	<b>4,1</b>	<b>4,4</b>
% of the Total Public Debt	18,3	14,1	13,3	11,5	12,5
<b>Service of the Domestic Public Debt</b>	<b>1,3</b>	<b>1,6</b>	<b>1,6</b>	<b>1,8</b>	<b>0,1</b>



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General Directorate of Debt Policy

**References:**

**Remarks and Sources:** Chart prepared by the Directorate of Indebtedness Policy (DPE, Ministry of Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of July 28, 2023) and the Ministry of Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of June, 2023 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M06: June); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (\*) means preliminary data subject to changes and (\*\*) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of June, 2023 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binationals mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the Hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2023 correspond to June, 2023 (2023, M06). Exports include re-exports and other exports. The inter-annual variation of exports/imports as of June, 2023 (June, 2023/June, 2022) obtains the accrued variation of exports/imports of the total exports and imports accrued from June, 2023, concerning the same period of the year 2022.



## Macroeconomic Outlook of Paraguay

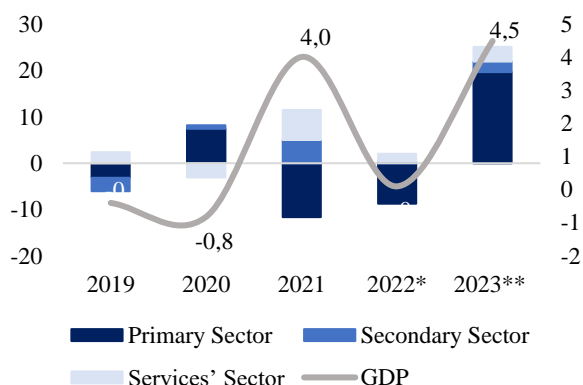
July 2023

**The GDP growth projection of Paraguay is kept by 4.5%.**

The GDP growth estimation is kept by 4.5% but with some adjustments. Concerning the offer, specifically “electricity and water”, an upwards adjustment has been observed from 7.9% to 10.3%; concerning the primary sector, agriculture has been kept with no changes. Concerning livestock, there has been a small variation downwards. Concerning the tertiary sector or related to services, trade has shown a slightly lower expansion from 3.2% to 2.9%, and concerning other services, they have been kept constant.



**Chart 1:** Percentage variation per line of business of the GDP growth (2019-2023).



According to the “World Economic Outlook” (WEO), the International Monetary Fund (IMF), estimates that the world growth has decelerated from 3.5% for 2022 to 3.0% for 2023 and 2024 according to the report of July. Even though the forecast is slightly higher for 2023, it is still being weak from a historical perspective.

In the United States, growth is expected to lower from 2.1% in 2022 to 1.8 in 2023 and even to be reduced to 1.0% for 2024. In China, the perspective is kept by 5.2% for 2023 and by 4.5% for 2024, however, there have been variations in their components such as the consumption increase and the investment reduction due to the current real-state crisis. On the other hand, for Latin America and the Caribbean, a growth fall is expected from 3.9% in 2022 to 1.9% in 2023. This is due to the recent moderation of the fast growth registered in 2022, as a consequence of the reopening after the pandemic, as well as the reduction of raw material costs.



**Source:** Central Bank of Paraguay

### International Context



**Table 1:** World growth. Annual variation, percentage.

	2022	2023	2024
World	3,1	2,4	2,9
U.S.A	2,1	0,9	1,2
Eurozone	3,5	0,5	1,2
China	3	5,3	5
Brazil	3	0,9	1,7
Argentina	5,3	-0,4	1
Commercial Partners	3,2	0,6	1,9
MERCOSUR Partners	4,1	0,2	1,4

Source: Bloomberg

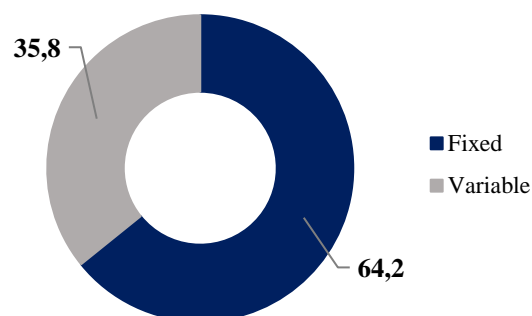
### Debt levels and structures of the Total Public Sector

The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the indirect debt of the Central Administration is the one established by any natural or legal, public or private person, different from itself, but that has its corresponding guarantee or security, duly authorized by the law (state-owned companies, second-tier banks, etc.)

In July, there has been a debt level of the Total Public Sector of 36.1% of the GDP, which is considered sustainable for the public finances of the country, and it is one of the lowest levels of debt in the region.

Concerning the debt classification of the total public sector, according to the rate type as of July, it has been kept in 64.2% at a fixed rate and 35.8% at a variable rate.

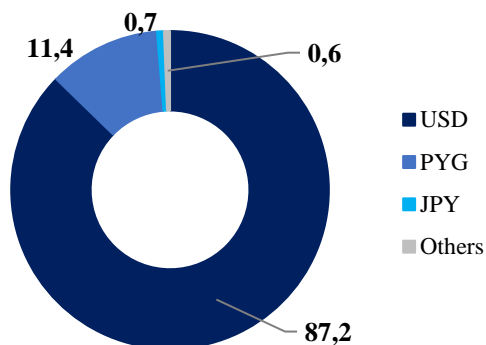
**Figure 1:** Total public debt balance according to the rate of interest



Source: Vice-Ministry of Economy and Finance.

**The public debt structure per currency** in the seventh month of 2023 presented a greater concentration in USD (87.2%), followed by the PYG (11.4%), JPY (0.7%) and other currencies, having (0.6%). It is worth pointing out that the greater debt ratio in Dollars does not represent a risk for the country since Paraguay receives income in Dollars as annual royalties for the hydraulic potential use of the Parana River for the production of electricity coming for the binational entities (Itaipu and Yacyreta).

**Figure 2:** Total public debt balance per currency in percentage



Source: Vice-Ministry of Economy and Finance.



### Average time of debt maturity:

Due to placements in the international markets in greater terms than the ones of the domestic markets, an increase of the average maturity of the Total Public Sector Debt (ATM) has been achieved from 11.6 years (2015) to 12.3 years (April 2021). This allows a greater maneuverability margin of the public debt.

**Table 2:** Debt Average maturity. (Years\*)

Yearas	Total Public Sector		Total Debt
	External Debt	Domestic Debt	
2015	13,2	3,5	11,6
2016	12,3	4,1	11,1
2017	11,5	4,1	10,6
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3

\* Does not include perpetual debt with the BCP.

Source: Sub-secretariat of State of Economy.



### Financial situation. July 2023.

This month has registered a deficit of USD650.5 million representing the -1.48% of the GDP. Likewise, a negative operational outcome of USD 142.4 million has been registered which represents -0.3% of the GDP.

### In July, 2023, income has shown an increase of 4.3%.

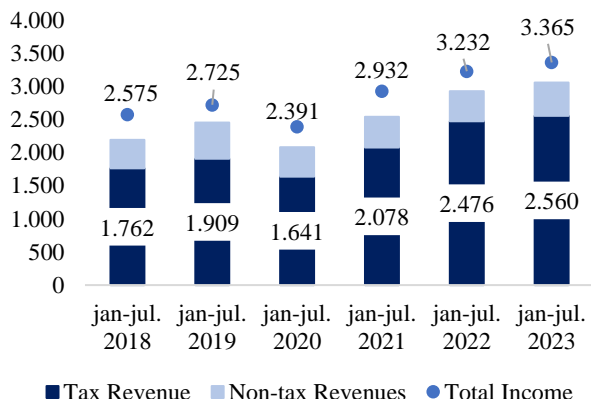
Total income accrued achieved 3,365.10 million, having a greater inter-annual variation of 4.3% concerning the same month of 2022. On the other hand, there has been registered a positive dynamics of domestic tax collections (SET) and a slight increase in collection of external taxes (DNA).

The positive dynamics in tax collections coming from the SET was due to a greater collection of the Value Added Tax, followed by the ISC and the IDU.



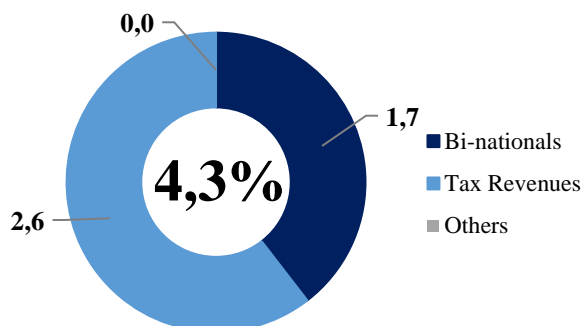
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**Chart 2:** Income accrued as of July, 2023, in million Dollars.



Source: SITUFIN – Ministry of Economy and Finances.

**Chart 3:** Income components in percentage

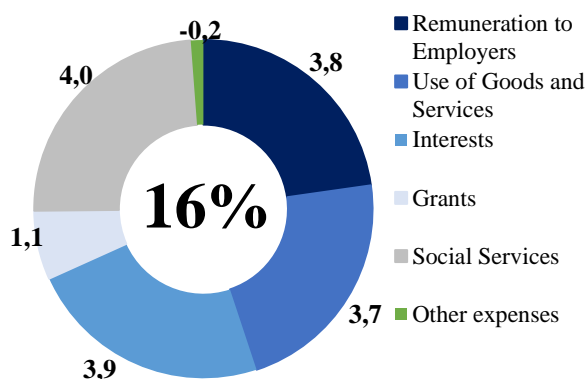


Source: SITUFIN – Ministry of Economy and Finances.

**The total expense has shown an increase of 16%.**

As of July, 2023, there has been a 16% increase of the total expense concerning July, 2022. The increase has been explained by the dynamics of social services, the use of goods and services and interests. On the other hand, remunerations have lowered their participation in the total expense.

**Figure 3:** Composition of percentage accrued expenses as of July, 2023.



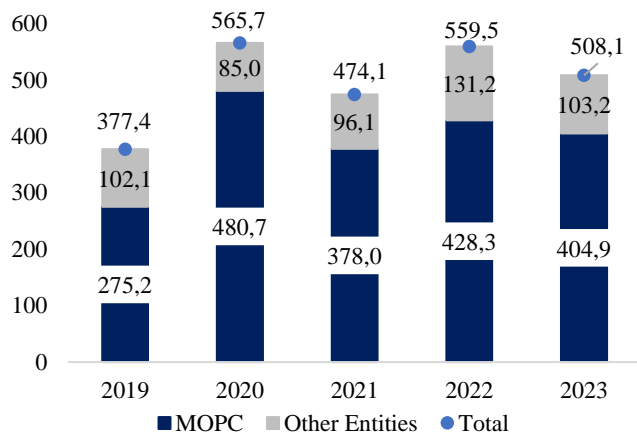
Source: SITUFIN - Ministry of Economy and Finances.

**Investment Level as of July, 2023:**

The execution level of the public investment in July, 2023 has registered a total of USD 508.1 million, distributed as follows; USD 404.9 million for the Ministry of Public Works and Communications and USD 103.2 million in other entities, the lowest investment registered in Public Works is due to the incidence of Turnkey projects.

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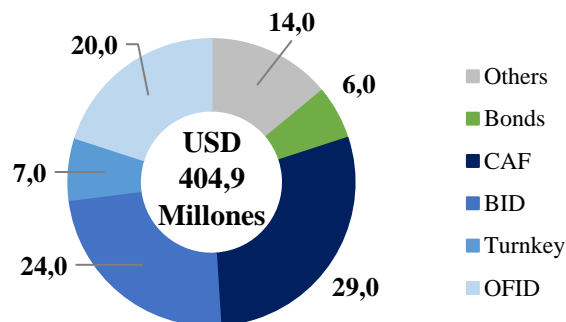
**Chart 3:** Accrued Investment, in millions of USD



Source: SITUFIN – Ministry of Economy and Finances.

**Investment of the Ministry of Public Works and Communication (MOPC) classified per financing.** As of July, 2023, the investment of the Ministry of Public Works and Communications (MOPC) has shown the following figures: USD 25.6 million corresponding to Bonds; USD 96.2 million of the Inter American Bank of Development (IDB); USD 29.5 million corresponding to Turnkey; USD 116.9 corresponding to Andean Development Corporation (CAF); USD 82.7 million corresponding to the OPEP Fund for the International Development (OFID); and USD 54 million corresponding to other organisms, representing an inter-annual variation of USD 404.9 million concerning the total investment.

**Figure 4:** Investment percentage in MOPC, classified per financing

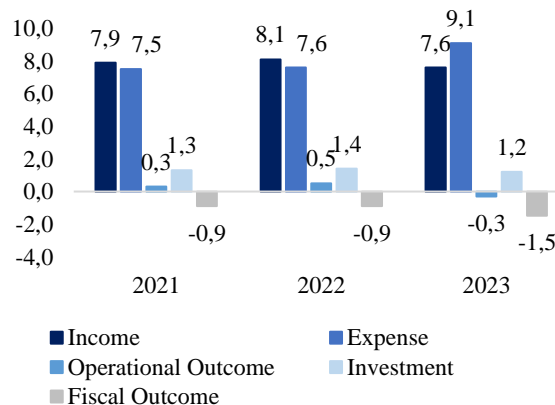


Source: SITUFIN - Ministry of Economy and Finances.

**Fiscal Indicators in GDP percentage, July, 2023**

As of July, 2023, there has been a fiscal outcome of -1.48%, having an investment level of 1.2%, and being the annualized fiscal outcome -3.35% of the GDP.

**Chart 4:** Fiscal Indicators in GDP percentage.



Source: SITUFIN - Ministry of Economy and Finances.



## Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.

## Inflation

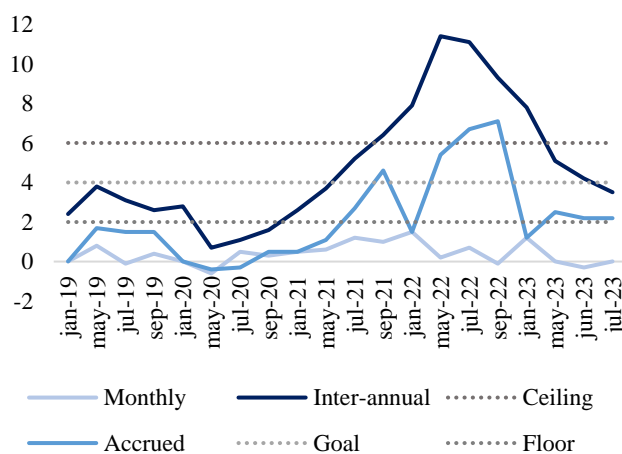
The inflation, measured by the variation between the Consumer Price Index, is 4.0%, having a tolerance range of 2 points upwards and 2 points below the goal, which makes the inflation fluctuate within the goal range, considering the Paraguayan economy exposure to external shocks given its features of a small and open economy.

According to the external context, inflation rates of United States and the Eurozone have shown moderating signs, although in United States the inflation is kept above the goal range so the Federal Reserve (FED) decided to increase the goal range of the reference rate, at its May's meeting and it kept it at its July's meeting. The total inflation has been decelerated in the Eurozone in the second quarter of this year, however, it is kept above the goal range.

On the other hand, according to interannual inflation levels of the region, a deceleration has been verified in most of the countries; however, the core inflation measures keep high, so the Central Banks keep with a contractive monetary policy.

Concerning the domestic economy, in interannual terms, the inflation has been downwards, there has been an accrued inflation in July of 2.2%. The interannual inflation this month was 3.5%, being lower to the one registered in the same period in 2022, 11.1%. In monthly terms, inflation has not presented variations.

**Chart 5:** Inflation as of July, 2023, in percentage



**Source:** Central Bank of Paraguay



## Rate of Interest of the Monetary Policy

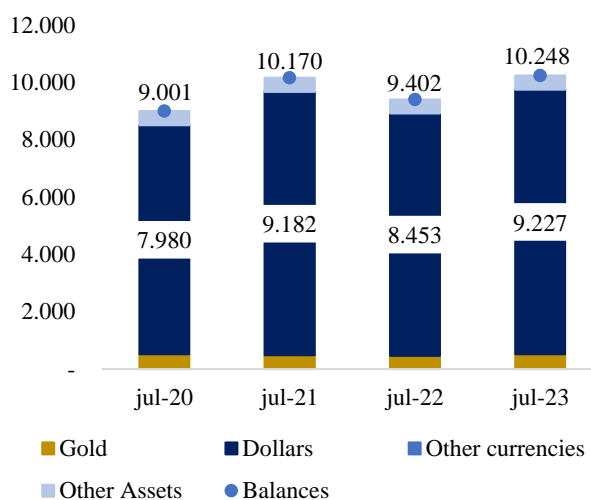
This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.

In July, 2023, the Monetary Policy Rate (TPM) has been kept in 8.5%. The Monetary Policy Committee (CPM) has decided to keep the Monetary Policy Rate (TPM) in order to guarantee the goal fulfillment of 4% in view of the monetary policy. The CPM emphasized that international prices of commodities, in the event of soya and oil have increased, whereas costs of wheat and corn have been reduced, concerning the last month report.

## Net International Reserves

The Net International Reserves' stock as of the seventh month of the year has achieved a USD 10,247.77 balance, showing a variation of 5.16% concerning July, 2023 and consists of USD 519.13 million corresponding to Gold; USD 9,227.05 million Dollars; USD 4.61 million in other currencies and USD 496.68 concerning other assets.

**Chart 6:** RIN composition, in million Dollars.



**Source:** Central Bank of Paraguay



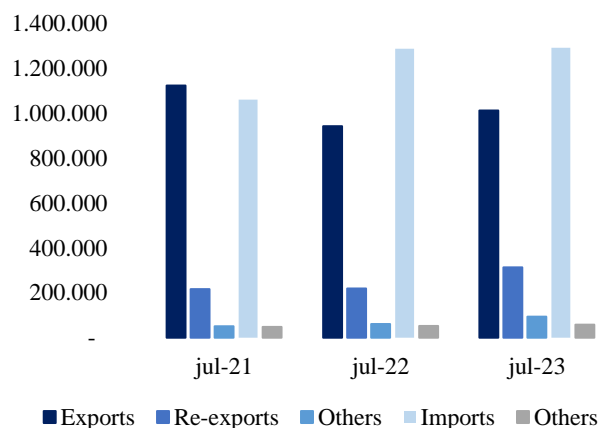
[Statistical Schedule of the BCP](#)

## Balance of Trade

As of July, 2023, foreign trade figures (Exports plus Imports) represented USD 2,767 million. Total exports accrued as of July, 2023, were USD 1,418.1 million. On the other hand, total imports accrued as of July, 2023, have been USD 1,348.9 million, finally, the balance of trade has been USD -69,198.9 million, in favor of imports.



**Chart 7:** Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay

### Credit Perspective of Paraguay

Paraguay has managed to keep the country risk rating and the stable perspective with the credit rating agencies Fitch and Standard & Poor's (S&P), and even improving to positive with Moody's Investors Service (Moody's), in spite of the uncertainty worldwide, and in view of this context, many countries of the region have had variations in their risk ratings and perspectives respectively, being Paraguay one of the few countries which has not been affected concerning its risk rating.

**Table 3:** Calificaciones de riesgo país 2023.

Risk Rating Agency	Calificación	Perspectiva	Última revisión
<b>S&amp;P</b>	BB	Stable	29-mar-2023
<b>Moody's</b>	Ba1	Positive	04-aug-2022
<b>Fitch</b>	BB+	Stable	22-nov-2022

Source: Sub-secretariat of State of Economy

The risk rating agencies mentioned that Paraguay has managed to achieve advances in the structure reforms related to the strengthening of the fiscal institutionality, which have helped to reinforce the credibility in the macroeconomic policies. Likewise, the resilience of the economy before the external and internal shocks has contributed to keep the risk ratings of the country under complex situations.

S&P has reviewed the risk rating in March, 2023, and decided to keep the risk rating in BB with a stable perspective. In this sense, among the key items of the current risk rating, the risk rating agency emphasized - in view of its report - the government's commitment with the macroeconomic policies, the agreement to establish structural reforms aimed at strengthening the economic resilience, the flexible exchange rate and the inflation goals' regime. The latter have been significant concerning the strengthening of the monetary policy.

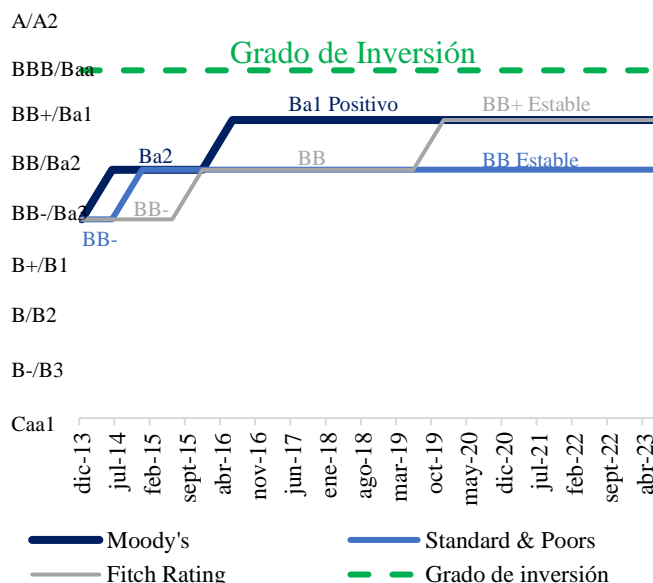
### Paraguay is close to the investment grade

Moody's, in view of its report on "Sovereigns-Global: Fallen angel sovereigns' path back to investment grade is challenging, paved with reforms", published on April 25, 2023, has mentioned that the fiscal weakness has been a significant factor that has caused that many countries have lost their "investment grade". In this sense, they reinforce the importance of improving the fiscal and growth perspectives. In addition, they emphasize that the countries which have managed to go back to the "investment grade", have been those which have fostered wide and deep policy reforms.

Moody's has highlighted Paraguay, which has currently the Ba1 rate having a positive perspective (close to the investment grade). They emphasize that the country has a potential opportunity for the risk rating upgrade to the investment grade.

In view of their report, they mention that the positive perspective achieved in July, 2022, shows that the country, after a solid growth and a prudent fiscal policy, favorably compares to countries rated with Baa. In addition, they point out that the structure and fiscal reforms supports the institutional strength and the governability. Paraguay has established not only its fiscal discipline but also its resilience to shocks during the last decade.

**Chart 8: Sovereign Risk Rating of Paraguay**  
Period 2013 – 2023



Source: Sub-secretariat of State of Economy

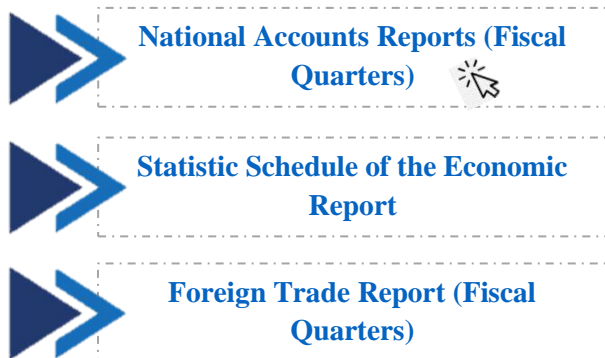
**Informe de Perspectiva Regional Crediticia**

## Other accesses of interest

Please click on the text to address to the Web Site



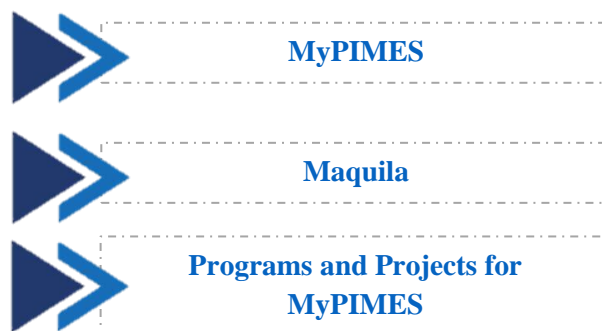
### Monetary Policy Reports



### ODS Objectives



### Ministry of Industry and Trade



### Environmental Actions

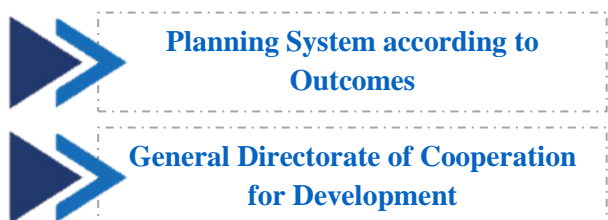


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## Ministry of Finance



## Technical Secretariat of Planning (STP)



## Financial Agency of Development





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Viceministry of Economy and Planning  
General Directorate of Debt Policy





**Economic Indicators / 2019 – 2023**

	2019	2020	2021	2022(*)	2023(**)
<b>Real Sector</b>					
Population (million)	7.152,7	7.252,7	7.353	7.453,7	7.554,8
GDP (USD million)	46.360	45.980	47.827	47.863	50.019
GDP per capita (USD)	6.481	6.340	6.504	6.429	6.629
GDP (annual variation in %)	-0,4	-0,8	4,0	0,1	4,5
Total Consumption (annual variation in %)	2,2	-2,2	5,5	1,0	3,0
Capital Investment (annual variation in %)	-6,1	5,3	18,2	-2,3	-3,0
Unemployed Rate (open)	5,7	7,2	6,8	5,7	n/d
<b>Economy Structure</b>					
<b>In view of Supply</b>					
<b>Primary Sector</b>	<b>-3,1</b>	<b>7,4</b>	<b>-11,6</b>	<b>-8,7</b>	<b>19,7</b>
Agriculture	-4,4	9,0	-18,2	-12,7	30,0
Livestock	1,2	4,4	6,2	-0,3	0,9
Others	-1,1	0,9	6,8	-0,7	0,4
<b>Secondary Sector</b>	<b>-3,0</b>	<b>0,7</b>	<b>5,0</b>	<b>0,4</b>	<b>2,2</b>
Industry	-1,1	-1,3	6,9	0,1	1,7
Construction	2,5	10,5	12,8	-4,3	-4,0
Binationals	-11,5	-2,3	-7,6	6,8	10,3
<b>Tertiary Sector</b>	<b>2,4</b>	<b>-3,1</b>	<b>6,5</b>	<b>1,6</b>	<b>3,2</b>
General Government	4,3	6,4	-3,4	-0,5	3,7
Trade	-1,2	-8,1	14,3	3,4	2,9
Communications	4,6	6,1	4,5	-2,2	1,1
Other Services	3,0	-5,7	7,7	2,2	3,5
Taxes	-2,7	-5,1	9,0	0,5	4,0
<b>In view of Demand</b>					
<b>In Millions of USD</b>					
Total Investment	6.249,5	5.773,8	6.879,9	6.703,7	6.158,9
Total Consumption	26.452,0	22.689,7	24.124,7	24.286,2	23.702,0
Exports	12.408,5	9.906,3	10.188,0	9.991,5	11.270,9
Imports	11.669,0	8.684,4	10.659,5	11.218,4	10.789,1
<b>Monetary and Financial Sector</b>					
Rate of Exchange (PYG per USD, fdp)	6.054,9	6.900,7	6.848,2	6.868,4	7.251,7
Inflation (CPI, annual variation in % Average, last 12 months))	3,1	1,1	5,2	11,1	3,5
Inter-banking rate of interest (% , fdp)	4,57	0,44	0,58	7,73	8,68
Monetary Aggregates (annual variation of M2 in %)	6,0	16,9	11,8	-0,6	10,1



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Dollarization Ratio (% of banking deposits in ME)	44,9	44,2	45,9	45,8	47,3
Banking sector credits granted to the private sector (% of the GDP)	16,2	7,1	6,1	14,7	9,3
Real Salary (annual variation, %)	3,2	1,1	5,5	6,9	n/d
<b>External Sector</b>					
<b>In Millions of USD</b>					
<b>Exports</b>	1.203,5	1.042,3	1.390,8	1.221,6	1.418,1
Inter-annual variation in %	5,9	-13,4	33,4	-12,2	16,1
<b>Imports</b>	1.163,5	867,2	1.107,6	1.338,8	1.348,9
Inter-annual variation in %	5,3	-25,5	27,7	20,9	0,8
<b>Trade Balance</b>	40,0	175,1	283,2	-117,2	69,2
GDP %	0,1	0,4	0,6	-0,2	0,1
<b>In millions of USD</b>	-218,9	691,7	-305,2	-2.776,6	-5,6
<b>Current Account</b>	-0,5	1,5	-0,6	-5,8	-0,01
GDP %	-170,3	-1.240,1	-1.038,9	-1.977,1	656,66
<b>Capital and Financial Account</b>	-0,4	-2,7	-2,2	-4,1	1,3
GDP %	-129,8	-24,4	112,2	250,9	56,2
Direct Foreign Investment	-0,3	-0,1	0,2	0,5	0,1
GDP %	7.853,9	9.001,2	10.169,6	9.402,5	10.247,8
<b>International Reserves</b>	16,9	19,6	21,3	19,6	20,5
GDP %	16,9	19,6	21,3	19,6	20,5
<b>Public Sector</b>					
<i>(GDP %)</i>					
<b>Income</b>	14,2	13,5	13,7	14,1	7,6
<i>Which: Taxation Income represents</i>	10,0	9,5	9,8	10,3	5,8
<b>Expenses</b>	17,0	19,7	17,3	17,1	9,1
<i>Which: Payment of interests represents</i>	0,8	1,1	1,1	1,2	0,8
<b>Primary Balance</b>	-2,0	-5,1	-2,5	-1,8	-0,7
<b>Taxable income</b>	-2,8	-6,1	-3,6	-3,0	-1,5
<b>Total Debt of the Public Sector</b>	22,9	33,8	33,8	36,0	36,1
<b>Public External Debt</b>	18,7	29,0	29,3	31,8	31,7
% of the Total Public Debt	81,7	85,9	86,7	88,5	87,9
<b>Domestic Public Debt</b>	4,2	4,8	4,5	4,1	4,4
% of the Total Public Debt	18,3	14,1	13,3	11,5	12,1
<b>Service of the Domestic Public Debt</b>	1,3	1,6	1,6	1,8	0,2

Viceministry of Economy and Planning  
General Directorate of Debt Policy

**References:**

Remarks and Sources: Chart prepared by the Directorate of Indebtedness Policy (DPE, Ministry of Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of August 28, 2023) and the Ministry of Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of July, 2023 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M07: July); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (\*) means preliminary data subject to changes and (\*\*) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of July, 2023 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binationals mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the Hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2023 correspond to July, 2023 (2023, M7). Exports include re-exports and other exports. The inter-annual variation of exports/imports as of July, 2023 (July, 2023/July, 2022) obtains the accrued variation of exports/imports of the total exports and imports accrued from July, 2023, concerning the same period of the year 2022.



## Macroeconomic Outlook of Paraguay

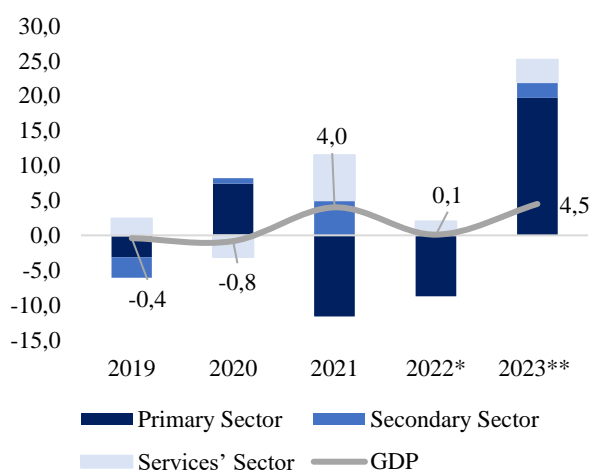
August 2023

**The GDP growth projection of Paraguay is kept by 4.5%.**

According to the Monthly Indicator of Economic Activity in Paraguay, there has been registered an inter-annual increase of 4.6% of growth during the first semester of the year. This is due to the good performance of the agricultural sector and the generation of electricity, services and manufacture.



**Chart 1:** Percentage variation per line of business of the GDP growth (2019-2023).



Source: Central Bank of Paraguay



### International Context

According to the report on “Economic Study of Latin America and the Caribbean” of the Economic Commission for Latin America and the Caribbean (CEPAL), world growth perspectives for 2023 is 3.0%, which implies a deceleration compared to 3.5% in 2022. Advances economies have grown by 1.5% this

year, also below 2.7% concerning last year, whereas in developing countries, growth would be 4.0%, mainly the same as 2022. For 2024. The growth rate is projected by 3.0%, the same as the one of this year, which would reach 4.1% in developing economies and 1.4% in advanced economies.

Concerning the regional context, Latin America and the Caribbean face a complex scenario and growth is expected to remain low. A reduced dynamics is anticipated concerning the employment creation, together with falls in investment and increasing social demands. All this imply significant challenges for the macroeconomic politics, which should foster the investment ad encourage the economic, sustainable and inclusive growth.



**Table 1:** World growth. Annual variation, percentage

	2022	2023	2024
World	3,5	3,0	3,0
U.S.A.	2,1	1,8	1,0
Eurozone	3,5	0,9	1,5
China	3	5,2	4,5
Brazil	2,9	2,1	1,2

Source: International Monetary Fund



### Debt levels and structures of the Total Public Sector.

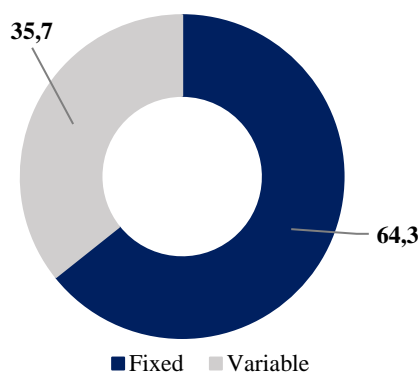
Law 1535/2000 on “State Financial Administration”, in its article No. 42, establishes that public debt will be classified as internal and external, and direct and indirect. Regarding the direct public debt of the Central Administration, it is that assumed by it as the main debtor; on the contrary, the indirect debt

of the Central Administration is that constituted by any natural or legal person, public or private, other than of the same, but that has its corresponding guarantee, bond or guarantee, duly authorized by law (public companies, second-floor banks, etc.).

In August, a Total Public Sector debt level of 36.2% of GDP was recorded, which is considered sustainable for the country's public finances and constitutes one of the lowest levels of debt in the region.

Regarding the **classification of the total public sector debt, by type of rate as of August**, it is observed that 64.3% is at a fixed rate and 35.7% at a variable rate.

**Figure 1:** Total public debt balance by interest rate.

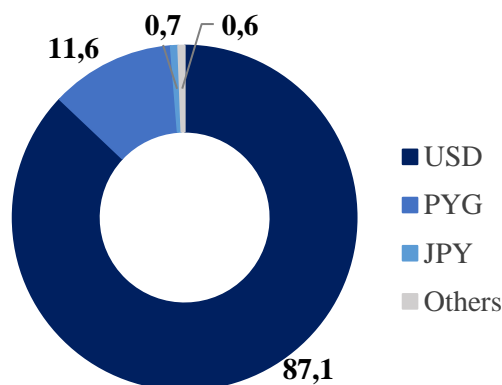


Source: Vice ministry of Economy and Planning

**The structure of public debt by currency** in the eighth month of 2023 presented a greater concentration in USD (87.1%), followed by the PYG (11.6%), JPY (0.7%) and other currencies, they occupy (0.6%). It should be noted that the greater proportion of debt in dollars does not represent a risk for the country, because Paraguay receives income in dollars in

the form of annual royalties for the use of the hydraulic potential of the Paraná River for the production of electrical energy, coming from of the binational entities (Itaipú and Yacyretá).

**Figure 2:** Total Public Debt Balance by currency in percentage



Source: Vice ministry of Economy and Planning



**Average time of debt maturity:** Due to placements in the international markets in greater terms than the ones of the domestic markets, an increase of the average maturity of the Total Public Sector Debt (ATM) has been achieved from 11.6 years (2015) to 12.3 years (April 2021). This allows a greater maneuverability margin of the public debt.

**Table 2:** Debt Average maturity. (Years\*)

Years	Total Public Sector		Total Debt
	External Debt	Domestic Debt	
2015	13,2	3,5	11,6
2016	12,3	4,1	11,1
2017	11,5	4,1	10,6
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3

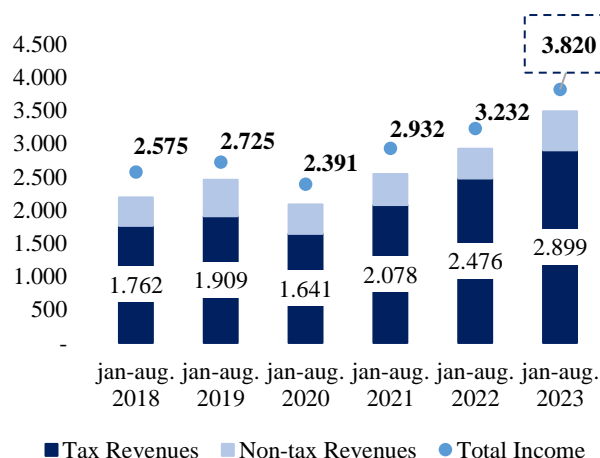
\* Does not include perpetual debt with the BCP.

Source: Vice ministry of Economy and Planning

**Financial situation. August 2023.** This month has registered an accrued deficit of USD736.4 million representing the -1.68% of the GDP. Likewise, a negative operational outcome of USD 180.3 million has been registered representing -0.4% of the GDP.

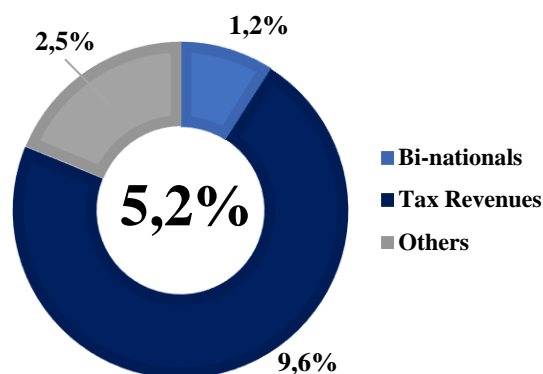
**In August, 2023, income has shown an increase of 5.2%.** Total income accrued has reached USD 3,820.3 million, having a greater inter-annual variation by 5.2% concerning the same month of 2022. On the other hand, there has been a positive dynamic in domestic tax collections concerning the external taxes' collection.

**Chart 2:** Income accrued as of August, 2023, in million Dollars.



Source: SITUFIN – Ministry of Economy and Finances.

**Figure 3:** Income components in percentage

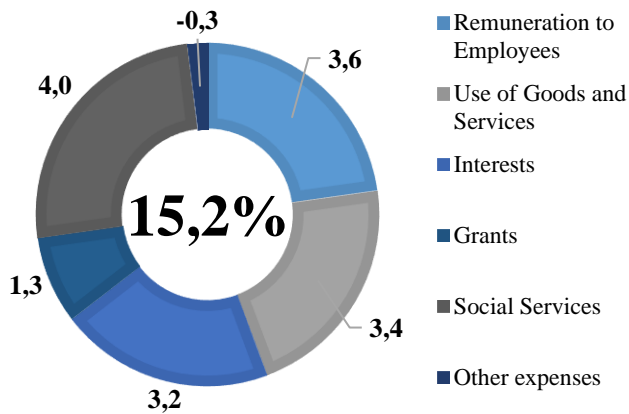


Source: SITUFIN - Ministry of Economy and Finances

**The total expense has shown an increase of 15.2%.** As of August, 2023, there has been a 15.2% increase of total expenses concerning August, 2022. The increase has been specially explained by the rigid components as remunerations, social services and interests. Social services' increase is due to retirements and pensions, the Older Adults' Program and the implementation of Tekopora Mbarete Program.



**Figure 4:** Composition of percentage accrued expenses as of August, 2023.

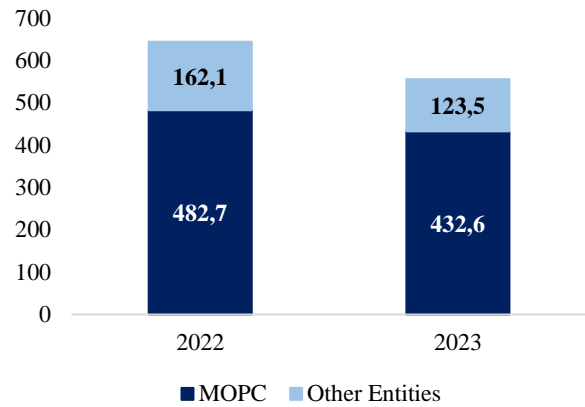


Source: SITUFIN – Ministry of Economy and Finances

### ➤ Strategic Guidelines

**Investment Level as of August, 2023:** The execution level of the public investment in August, 2023 has registered a total of USD 556.1 million, distributed as follows; USD 432.6 million for the Ministry of Public Works and Communications and USD 123.5 million in other entities, with an annualized accrued investment of 2.4% of the GDP.

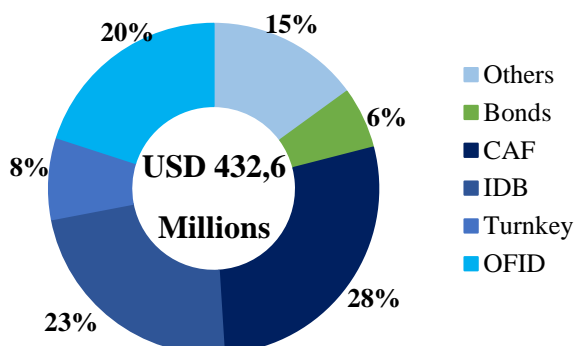
**Chart 3:** Accrued Investment, in millions of USD



Source: SITUFIN - Ministry of Economy and Finances

**Investment of the Ministry of Public Works and Communication (MOPC) classified per financing.** As of August, 2023, the investment of the Ministry of Public Works and Communications (MOPC) has shown the following figures: USD 27 million corresponding to Bonds; USD 100.5 million of the Inter American Bank of Development (IDB); USD 36.8 million corresponding to Turnkey; USD 122.7 corresponding to Andean Development Corporation (CAF); USD 87.3 million corresponding to the OPEP Fund for the International Development (OFID); and USD 58.3 million corresponding to other organisms, representing an inter-annual variation of USD 432.6 million concerning the total investment.

**Figure 5:** Investment percentage in MOPC, classified per financing

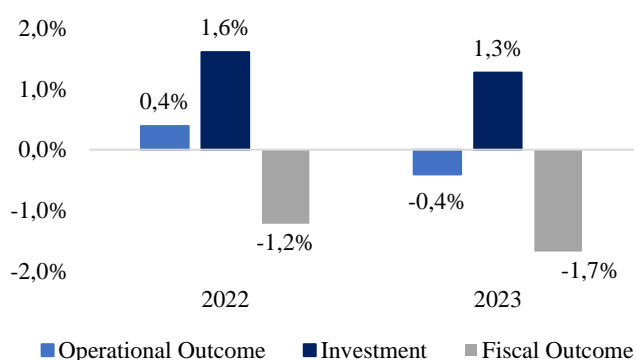


Source: SITUFIN - Ministry of Economy and Finances

### Fiscal Indicators in GDP percentage, August, 2023

As of June, 2023, there has been a fiscal deficit of -1.68%, having an investment level of 1.27%, and being the annualized fiscal outcome 3.26% of the GDP.

**Chart 4:** Fiscal Indicators in GDP percentage



Source: SITUFIN - Ministry of Economy and Finances



### Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.

### Inflation

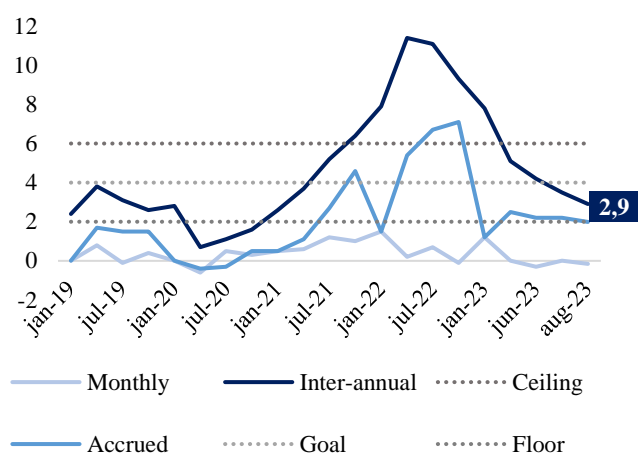
The inflation, measured by the variation between the Consumer Price Index, is 4.0%, having a tolerance range of 2 points upwards and 2 points below the goal, which makes the inflation fluctuate within the goal range, considering the Paraguayan economy exposure to external shocks given its features of a small and open economy.

According to the international context, inflation rates of United States concerning the energy cost increase has been shown in the August's inflation. In the Eurozone, the monthly inflation was 0.6%, also affected by the oil cost increase. However, inflation in the main economies of the region has been decelerating, although they are still above their respective goals.

Concerning the domestic economy, in monthly terms, inflation has shown a -0.2% variation as of August, represented by the cost reduction in food products and fuels. The inter-annual inflation this month is 2.9% and the one accrued as of August is 2.0%.



**Chart 5:** Inflation as of August, 2023, in percentage



Source: Central Bank of Paraguay



### Rate of Interest of the Monetary Policy

This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.

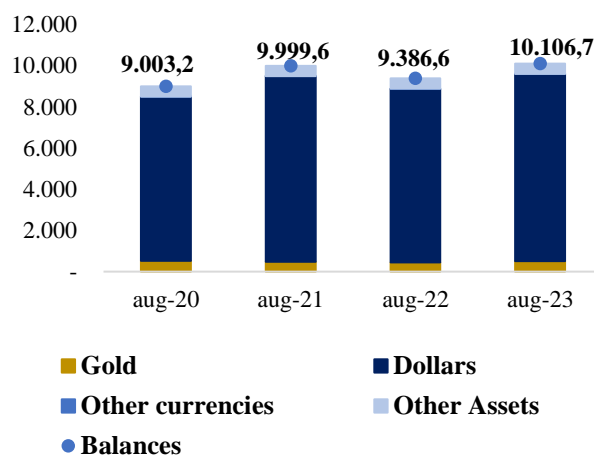
**As of August, 2023, the Monetary Policy Rate (TPM) has been kept in 8.25%.** The Monetary Policy Committee (CPM) has decided to reduce the Monetary Policy Rate (TPM) in 25 percentage points, from 8.50% to 8.25% and it was emphasized that they shall keep on monitoring the local and international environment.

### Net International Reserves

The Net International Reserves' stock as of August, 2023, has reached a USD 10,106.7 million balance, consisting of USD 511.20 million corresponding to gold; USD 9,098.31

million in Dollars; USD 2.05 million in other currencies and USD 495.12 concerning other assets.

**Chart 6:** Composition of the RIN, in millions of dollars



Source: Central Bank of Paraguay

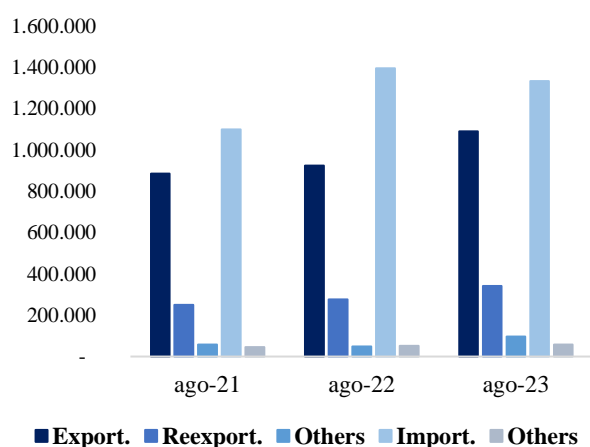


### Balance of Trade

In August, 2023, the foreign trade figures (Exports plus Imports), represented USD 2,919.7 million.

Total exports accrued as of August, 2023, totaled USD 1,527.8 million. On the other hand, total imports accrued in August, 2023 totaled USD 1,392.0 million. Finally, the balance of trade of USD 135.8 in favor of exports was registered.

**Chart 7:** Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay

### Credit Perspective of Paraguay

Paraguay has managed to keep the country risk rating and the stable perspective with the credit rating agencies Fitch and Standard & Poor's (S&P), and even improving to positive with Moody's Investors Service (Moody's), in spite of the uncertainty worldwide, and in view of this context, many countries of the region have had variations in their risk ratings and perspectives respectively, being Paraguay one of the few countries which has not been affected concerning its risk rating.

**Table 3:** Sovereign Risk Ratings 2023

Risk Rating Agency	Rate	Perspective	Last Review
<b>S&amp;P</b>	BB	Estable	29-mar-2023
<b>Moody's</b>	Ba1	Positiva	04-ago-2022
<b>Fitch</b>	BB+	Estable	22-nov-2022

Source: Vice ministry of Economy and Planning

The risk rating agencies mentioned that Paraguay has managed to achieve advances in the structure reforms related to the strengthening of the fiscal institutional, which have helped to reinforce the credibility in the macroeconomic policies. Likewise, the resilience of the economy before the external and internal shocks has contributed to keep the risk ratings of the country under complex situations.

S&P has reviewed the risk rating in March, 2023, and decided to keep the risk rating in BB with a stable perspective. In this sense, among the key items of the current risk rating, the risk rating agency emphasized in its report the government commitment concerning the macroeconomic policies, the agreement to establish structure reforms aimed at strengthening the economic resilience, the flexible exchange rate and the inflation goals' regime. These last ones have been essential for the monetary policy strengthening.

## Paraguay is close to the investment grade

Moody's, in view of its report on *"Sovereigns-Global: Fallen angel sovereigns' path back to investment grade is challenging, paved with reforms"*, published on April 25, 2023, has mentioned that the fiscal weakness has been a significant factor that has caused that many countries have lost their "investment grade".

In this sense, they reinforce the importance of improving the fiscal and growth perspectives. In addition, they emphasize that the countries which have managed to go back to the "investment grade", have been those which have fostered wide and deep policy reforms.

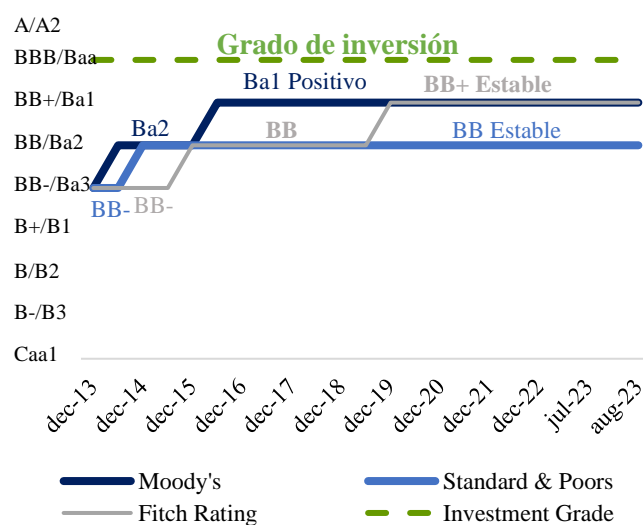
Moody's has highlighted Paraguay, which has currently the Ba1 rate having a positive

Perspective (close to the investment grade). They emphasize that the country has a potential opportunity for the risk rating upgrade to the investment grade.

In view of their report, they mention that the positive perspective achieved in July, 2022, shows that the country, after a solid growth and

a prudent fiscal policy, favorably compares to countries rated with Baa. In addition, they point out that the structure and fiscal reforms supports the institutional strength and the governability. Paraguay has established not only its fiscal discipline but also its resilience to shocks during the last decade.

**Chart 8:** Sovereign Risk Rating of Paraguay



Source: Vice ministry of Economy and Planning



**Regional Credit Outlook Report**



## Other accesses of interest

Please click on the text to address to the Web Site



### Monetary Policy Reports

 [National Accounts Reports \(Fiscal Quarters\)](#) 

 [Statistic Schedule of the Economic Report](#)

 [Foreign Trade Report \(Fiscal Quarters\)](#)

 [Direct Investment](#)

 [Monetary Policy](#)

### ODS Objectives

 [Sustainable Paraguay](#)

 [Sustainable Development Objectives \(ODS\)](#)

### Ministry of Industry and Trade

 [MyPIMES](#)

 [Maquila](#)

 [Programs and Projects for MyPIMES](#)

### Environmental Actions

 [Legal Provisions on environmental policies and actions](#)



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General Directorate of Debt Policy

## Ministry of Economy and Finance



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Viceministry of Economy and Planning  
General Directorate of Debt Policy





**Economic Indicators / 2019 – 2023**

	2019	2020	2021	2022(*)	2023(**)
<b>Real Sector</b>					
Population (million)	7.152,7	7.252,7	7.353	7.453,7	7.554,8
GDP (USD million)	46.360	45.980	47.827	47.863	50.006
GDP per capita (USD)	6.481	6.340	6.504	6.421	6.619
GDP (annual variation in %)	-0,4	-0,8	4,0	0,1	4,5
Total Consumption (annual variation in %)	2,2	-2,2	5,5	1,0	3,0
Capital Investment (annual variation in %)	-6,1	5,3	18,2	-2,3	-3,0
Unemployed Rate (open)	6,9	7,2	6,3	5,7	6,5
<b>Economy Structure</b>					
<b>In view of Supply</b>					
<b>Primary Sector</b>	<b>-3,1</b>	<b>7,4</b>	<b>-11,6</b>	<b>-8,7</b>	<b>19,7</b>
Agriculture	-4,4	9,0	-18,2	-12,7	30,0
Livestock	1,2	4,4	6,2	-0,3	0,9
Others	-1,1	0,9	6,8	-0,7	0,4
<b>Secondary Sector</b>	<b>-3,0</b>	<b>0,7</b>	<b>5,0</b>	<b>0,4</b>	<b>2,2</b>
Industry	-1,1	-1,3	6,9	0,1	1,7
Construction	2,5	10,5	12,8	-4,3	-4,0
Binationals	-11,5	-2,3	-7,6	6,8	10,3
<b>Tertiary Sector</b>	<b>2,4</b>	<b>-3,1</b>	<b>6,5</b>	<b>1,6</b>	<b>3,2</b>
General Government	4,3	6,4	-3,4	-0,5	3,7
Trade	-1,2	-8,1	14,3	3,4	2,9
Communications	4,6	6,1	4,5	-2,2	1,1
Other Services	3,0	-5,7	7,7	2,2	3,5
Taxes	-2,7	-5,1	9,0	0,5	4,0
<b>In view of Demand</b>					
<b>In Millions of USD</b>					
Total Investment	6.159,3	5.732,1	6.802,1	6.697,8	6.140,7
Total Consumption	26.070,0	22.525,8	23.852,0	24.264,7	23.631,8
Exports	12.229,3	9.834,8	10.072,8	9.982,6	11.237,6
Imports	11.500,5	8.621,6	10.539,0	11.208,5	10.757,2
<b>Monetary and Financial Sector</b>					
Rate of Exchange (PYG per USD, fdp)	6.143,6	6.950,9	6.926,5	6.874,5	7.273,2
Inflation (CPI, annual variation in % Average, last 12 months))	3,1	1,1	5,2	11,1	2,9
Inter-banking rate of interest (% fdp)	4,57	0,44	0,58	7,73	8,36
Monetary Aggregates (annual variation of M2 in %)	6,0	16,9	11,8	-0,6	11,6





Viceministry of Economy and Planning  
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Dollarization Ratio (% of banking deposits in ME)	44,2	45,5	46,2	46,3	46,7
Banking sector credits granted to the private sector (% of the GDP)	13,9	7,7	6,1	12,9	11,0
Real Salary (annual variation, %)	3,2	1,1	5,5	6,9	6,5
<b>External Sector</b>					
<b>In Millions of USD</b>					
<b>Exports</b>	1.021,8	962,4	1.192,7	1.250,8	1.525,2
Inter-annual variation in %	-5,2	-5,8	23,9	4,9	21,9
<b>Imports</b>	1.097,7	859,9	1.146,9	1.447,8	1.392,0
Inter-annual variation in %	-8,5	-21,7	33,4	26,2	-3,9
<b>Trade Balance</b>	-75,9	102,5	45,8	-197,0	133,2
GDP %	-0,2	0,2	0,1	-0,4	0,3
<b>In millions of USD</b>	-214,5	685,2	-308,1	-2.792,7	421,1
<b>Current Account</b>	-0,5	1,5	-0,6	-5,8	0,8
GDP %	-316,0	-1.482,4	-904,6	-2.062,0	87,30
<b>Capital and Financial Account</b>	-0,7	-3,2	-1,9	-4,3	0,2
GDP %	-129,8	-24,4	112,2	250,9	56,2
Direct Foreign Investment	-0,3	-0,1	0,2	0,5	0,1
GDP %	7.848,7	9.003,2	9.999,6	9.386,6	10.106,7
<b>International Reserves</b>	16,9	19,6	20,9	19,6	20,2
GDP %	16,9	19,6	21,3	19,6	20,5
<b>Public Sector</b>					
(GDP %)					
<b>Income</b>	14,2	13,5	13,7	14,1	8,6
<i>Which: Taxation Income represents</i>	10,0	9,5	9,8	10,3	6,5
<b>Expenses</b>	17,0	19,7	17,3	17,1	10,3
<i>Which: Payment of interests represents</i>	0,8	1,1	1,1	1,2	0,9
<b>Primary Balance</b>	-2,0	-5,1	-2,5	-1,8	-0,8
<b>Taxable income</b>	-2,8	-6,1	-3,6	-3,0	-1,7
<b>Total Debt of the Public Sector</b>	22,9	33,8	33,8	36,0	36,2
<b>Public External Debt</b>	18,7	29,0	29,3	31,8	31,7
% of the Total Public Debt	81,7	85,9	86,7	88,5	87,7
<b>Domestic Public Debt</b>	4,2	4,8	4,5	4,1	4,5
% of the Total Public Debt	18,3	14,1	13,3	11,5	12,3
<b>Service of the Domestic Public Debt</b>	1,3	1,6	1,6	1,8	0,1



Viceministry of Economy and Planning  
General Directorate of Debt Policy

**References:**

Remarks and Sources: Chart prepared by the Directorate of Indebtedness Policy (DPE, Ministry of Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of October 13, 2023) and the Ministry of Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of August, 2023 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M08: August); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (\*) means preliminary data subject to changes and (\*\*) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of August, 2023 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binationals mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2023 correspond to August, 2023 (2023, M8).
12. Exports include re-exports and other exports. The inter-annual variation of exports/imports as of August, 2023 (Aug, 2023/Aug, 2022) obtains the accrued variation of exports/imports of the total exports and imports accrued from August, 2023, concerning the same period of the year 2022.



## Macroeconomic Overview of Paraguay September 2023

### GDP growth forecast for 2023.

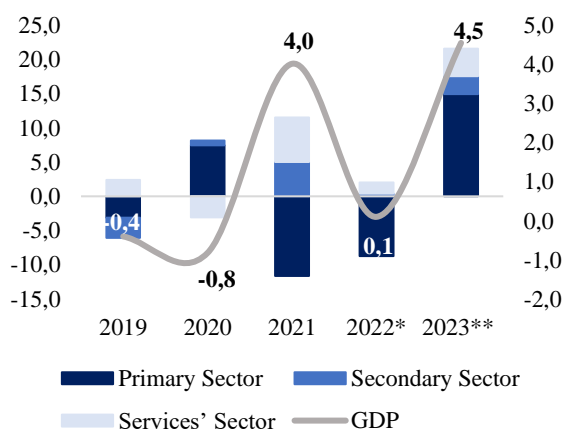
According to the World Economy Overview (WEO), the growth projection of the country is kept by 4.5%.

The positive forecast is due to the economic recovery concerning last year in which the tax income increase is emphasized together with the binational entities as well as the primary sector because of the weather improvement.

According to the Central Bank of Paraguay, the Monthly Indicator of Economic Activity in Paraguay as of September keeps on showing an inter-annual increase of 0.4% due to the good performance of the services' sector and the electricity generation.

### GDP's Review

**Chart 1:** Percentage variation per line of business of the GDP growth (2019-2023).



Source: Central Bank of Paraguay

### International Context

#### Statistical Schedule of the BCP

Concerning the perspectives for the World Economy, a 3% growth is foreseen for the global economy that shows a 1.5% deceleration in the advance economies and 4% in the emerging ones.

This is due to impacts of various factors such as the consequences of the pandemic in the long term, inflation and the Russian invasion to Ukraine.

Concerning the regional context, Latin America and the Caribbean keep on decelerating as a consequence of the persistent inflationary pressures together with social problems related to violence, and also those ones related to the weather. Policies aimed at fighting inflation are emphasized which have had positive impacts when positioning it in a downwards trajectory.

### Regional Economic Perspectives (IMF)

**Table 1:** World growth. Annual variation, percentage.

	2022	2023	2024
World	3,5	3,0	3,0
USA	2,1	1,8	1,0
Eurozone	3,5	0,9	1,5
China	3,0	5,2	4,5
Brazil	2,9	2,1	1,2

Source: World Bank

### Monetary Policy Report

### Debt levels and structures of the Total Public Sector

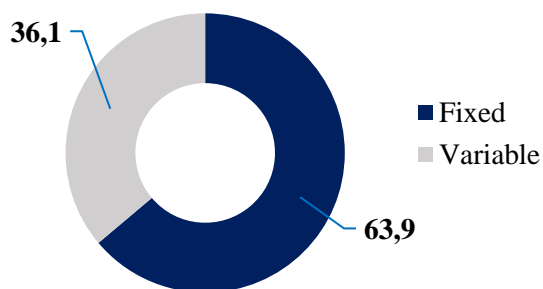
The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central

Administration is the one taken on by such Central Administration as the main debtor; on the other hand, the indirect debt of the Central Administration is the one established by any natural or legal, public or private person, different from such Central Administration, but which has its corresponding guarantee or bond, duly authorized by law (public entities, second tier banks, etc)

As of September, a total debt level of the Public Sector has registered 36.3% of the GDP, and it may be considered that it is within a sustainable trajectory for being one of the lowest ones compared to their equals.

In view of the classification of the total public sector's debt, per kind of rate as of September, 63.9% is at a fixed rate and 36.1% is at a variable rate.

**Figure 1:** Total public debt balance by rate of interest.

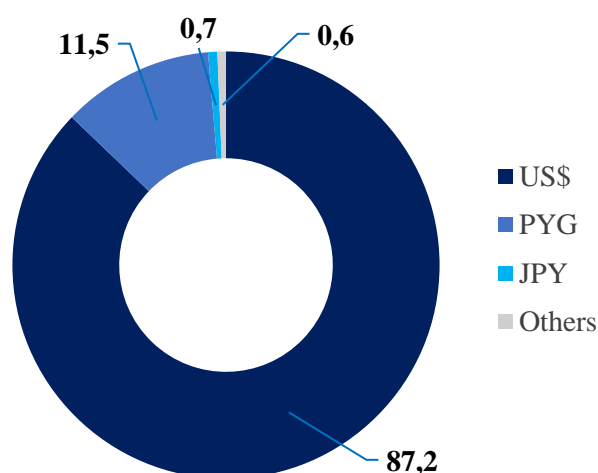


Source: Vice-ministry of Economy and Planning.

**On the other hand, the public debt structure per currency** as of September keeps a greater ratio in USD (87.2%) together with PYG (11.5%), JPY (0.7%) and others in other currencies (0.6%).

As the greater debt ratio is in dollars, it is worth pointing out that one part of such debt is financed with income received in royalties through the hydraulic potential of the Parana River in the electricity production whose payments are received in dollars.

**Figure 2:** Total public debt balance per currency in percentage.



Source: Vice-ministry of Economy and Planning.



**Average time of debt maturity:** Due to placements in the international markets in greater terms than the ones of the domestic markets, an increase of the average maturity of the Total Public Sector Debt (ATM) has been achieved from 11.6 years (2015) to 12.3 years (April 2021). This allows a greater maneuverability margin of the public debt.

**Table 2:** Debt Average maturity. (Years\*)

Years	Total Public Sector		
	External Debt	Domestic Debt	Total Debt
2015	13,2	3,5	11,6
2016	12,3	4,1	11,1
2017	11,5	4,1	10,6
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3

\* Does not include perpetual debt with the BCP.

Source: Vice ministry of Economy and Planning



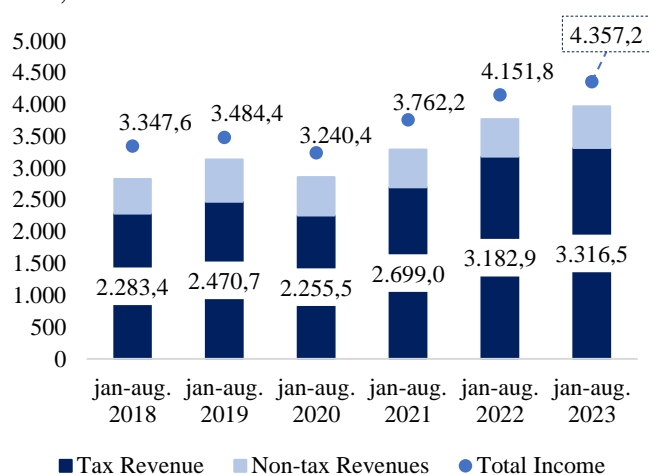
[Strategic Guidelines](#)

**Financial situation. September 2023.** This month has registered an accrued deficit of USD813.0 million representing the -1.85% of the GDP. Likewise, a negative operational outcome of USD 220.8 million has been registered representing -0.50% of the GDP.

In September, 2023, total income has shown an increase of 4.9% in annualized terms.

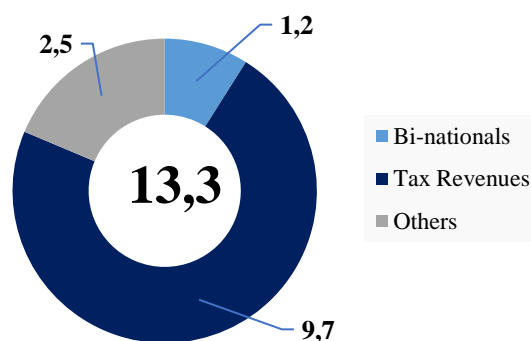
Total income accrued has reached USD 4,355.3 million as of September. These outcomes have been fostered by a positive dynamic in external and internal tax collections as well as concerning increases in grants and royalties.

**Chart 2:** Income accrued as of September, 2023, in million Dollars.



Source: SITUFIN – Ministry of Economy and Finances.

**Figure 3:** Income components in percentage



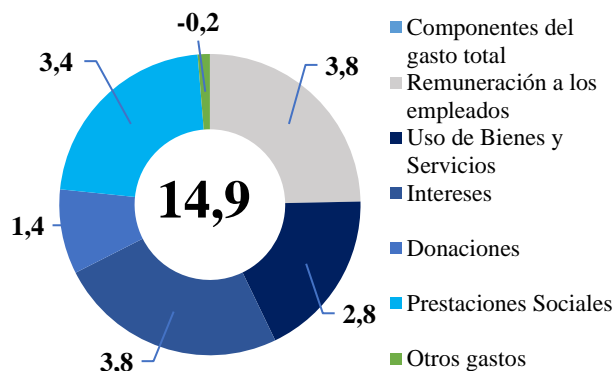
Source: SITUFIN – Ministry of Economy and Finances.

**As of September, the total expense has shown an increase of 14.9%.** In view of this outcome, a slower pace has been observed concerning the previous months.

The dynamics of the rigid components such as remunerations together with wages to health, education and security sectors, interests and social benefits that include retirements explains this increase.



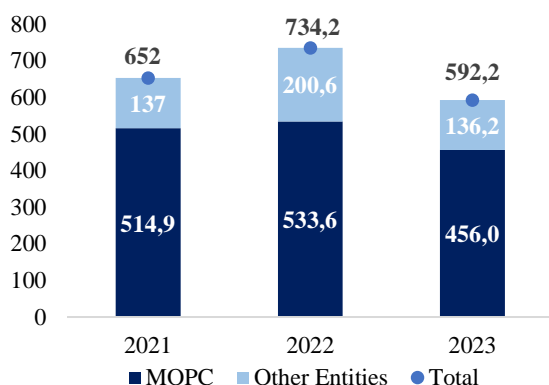
**Figure 4:** Composition of percentage accrued expenses as of September, 2023.



Source: SITUFIN - Ministry of Economy and Finances

**Investment Level as of September, 2023:** The investment as a fundamental axis for the economic recovery has been decelerated in the execution. As of the ninth month, a total of USD 592.2 million has been registered and classified as follows; USD 456.0 million for the Ministry of Public Works and Communications and USD 136.2 million to other entities, that in annualized terms represent 2.3% of the GDP.

**Chart 3:** Accrued Investment, in millions of USD.

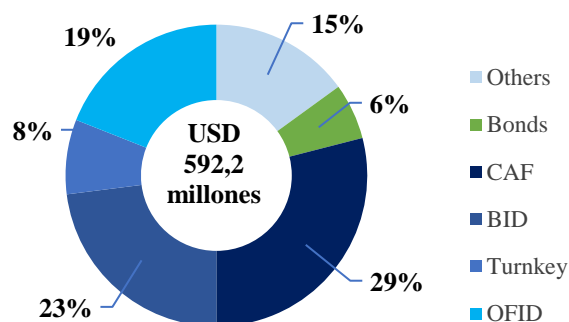


Source: SITUFIN - Ministry of Economy and Finances.

**Investment of the Ministry of Public Works and Communication (MOPC) classified per financing.**

As of September, 2023, the investment of the Ministry of Public Works and Communications (MOPC) has shown the following figures: USD 27.2 million corresponding to Bonds; USD 106.4 million of the Inter American Bank of Development (IDB); USD 36.7 million corresponding to Turnkey; USD 130.3 million corresponding to Andean Development Corporation (CAF); USD 89.0 million corresponding to the OPEP Fund for the International Development (OFID); and USD 66.4 million corresponding to other organisms.

**Figure 5:** Investment percentage in MOPC, classified per financing.

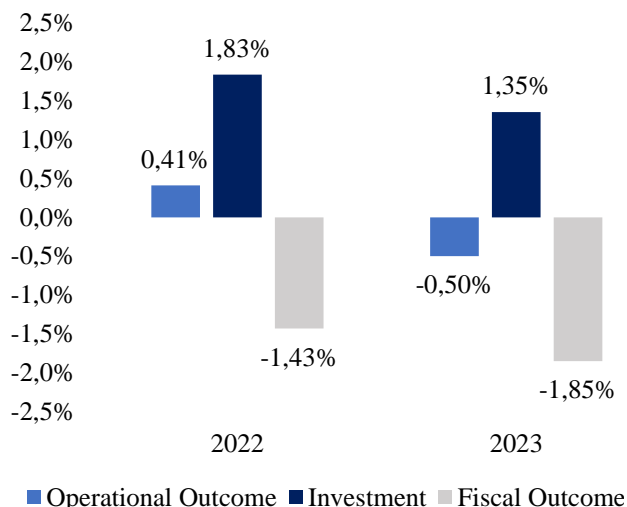


Source: SITUFIN - Ministry of Economy and Finances.

**Fiscal Indicators in GDP percentage, September, 2023** In September, 2023, there has been a fiscal deficit of -1.85%, having an investment level of 1.35%, and being the annualized fiscal outcome 3.25% of the GDP.



**Chart 4:** Fiscal Indicators in GDP percentage.



Source: SITUFIN - Ministry of Economy and Finances.



### Monetary Policy

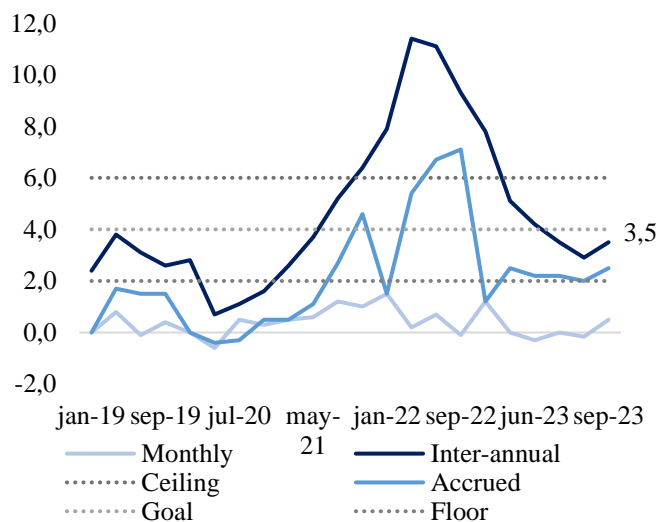
The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.

According to the international context, the inflation pressure keeps on moderating because of the lower commodity prices and the interest rates' increase in the advanced economies. In the United States the cost increase in household, food and gas made the core inflation be placed in 0.3%. In the Eurozone, the interannual

inflation as of September was 4.3% because of a deceleration of industrial goods and services.

According to the domestic economy, as of September, the inflation has been decelerated. The Consumer Prices' Index (IPC) has placed in 3.5%. Likewise, it is worth pointing out that the interannual rate of the IPCSAE (IPC with no food and energy) presented a reduction from 5.1% to 4.6%.

**Chart 5:** Inflation as of September, 2023, in percentage.



Source: Central Bank of Paraguay.



### Rate of Interest of the Monetary Policy

This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.

As of September, 2023, the Monetary Policy Rate (TPM) has been kept in 8.00%. The Monetary Policy Committee (CPM) has decided to reduce the Monetary Policy Rate

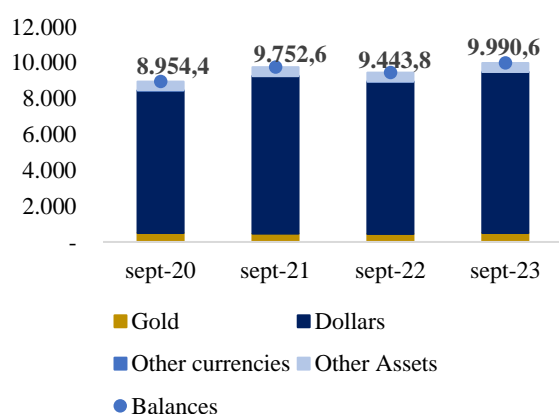
(TPM) in 25 percentage points, from 8.25% to 8.00% and it was emphasized that they shall keep on monitoring the local and international environment.



### Net International Reserves

The Net International Reserves' stock as of September, 2023, has reached a USD 9,990.6 million balance, consisting of USD 491.2 million corresponding to gold; USD 8,997.6 million in Dollars; USD 6.79 million in other currencies and USD 494.97 concerning other assets.

**Chart 6:** RIN composition, in million Dollars.



Source: Central Bank of Paraguay



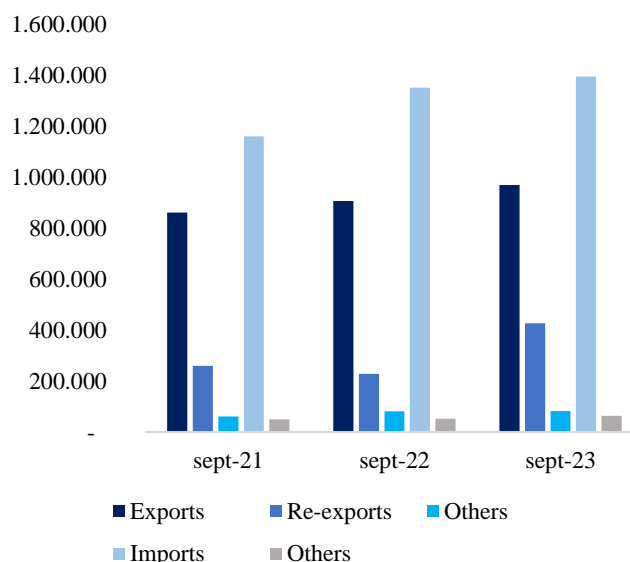
### Balance of Trade

In September, 2023, the foreign trade figures (Exports plus Imports), represented USD 2,949.9 million.

Total exports as of September, 2023, totaled USD 1,490.5 million. On the other hand, total imports as of September, 2023 totaled USD

1,459.4 million. Finally, the balance of trade of USD 31.1 million in favor of exports was registered.

**Chart 7:** Balance of Payments, in thousands of Dollars



Source: Central Bank of Paraguay

### Credit Perspective of Paraguay

Paraguay has managed to keep the country risk rating and the stable perspective with the credit rating agencies Fitch and Standard & Poor's (S&P), and even improving to positive with Moody's Investors Service (Moody's), in spite of the uncertainty worldwide, and in view of this context, many countries of the region have had variations in their risk ratings and perspectives respectively, being Paraguay one of the few countries which has not been affected concerning its risk rating.

**Table 3: Sovereign Risk Ratings 2023**

Risk Rating Agency	Rate	Perspective	Last Review
<b>S&amp;P</b>	BB	Stable	29-mar-2023
<b>Moody's</b>	Ba1	Positive	04-aug-2022
<b>Fitch</b>	BB+	Stable	22-nov-2022

**Source:** Vice Ministry of Economy and Planning.

The risk rating agencies mentioned that Paraguay has managed to achieve advances in the structure reforms related to the strengthening of the fiscal institutionality, which have helped to reinforce the credibility in the macroeconomic policies. Likewise, the resilience of the economy before the external and internal shocks has contributed to keep the risk ratings of the country under complex situations.

S&P has reviewed the risk rating in March, 2023, and decided to keep the risk rating in BB with a stable perspective. In this sense, among the key items of the current risk rating, the risk rating agency emphasized in its report the government commitment concerning the macroeconomic policies, the agreement to establish structure reforms aimed at strengthening the economic resilience, the flexible exchange rate and the inflation goals' regime. These last ones have been essential for the monetary policy strengthening.

### **Paraguay is close to the investment grade**

Moody's, in view of its report on "Sovereigns-Global: Fallen angel sovereigns' path back to investment grade is challenging, paved with reforms", published on April 25, 2023, has mentioned that the fiscal weakness has been a significant factor that has caused that many countries have lost their "investment grade".

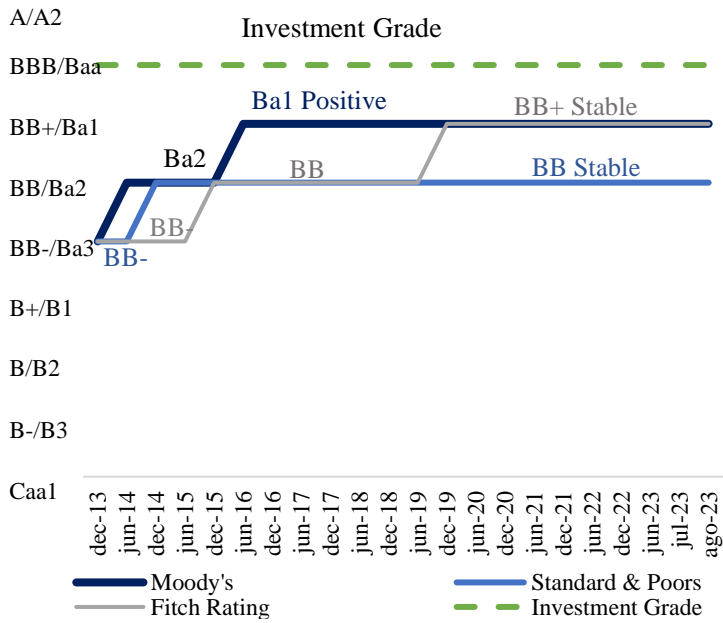
In this sense, they reinforce the importance of improving the fiscal and growth perspectives. In addition, they emphasize that the countries which have managed to go back to the "investment grade", have been those which have fostered wide and deep policy reforms.

Moody's has highlighted Paraguay, which has currently the Ba1 rate having a positive perspective (close to the investment grade). They emphasize that the country has a potential opportunity for the risk rating upgrade to the investment grade.

In view of their report, they mention that the positive perspective achieved in July, 2022, shows that the country, after a solid growth and a prudent fiscal policy, favorably compares to countries rated with Baa. In addition, they point out that the structure and fiscal reforms supports the institutional strength and the governability. Paraguay has established not only its fiscal discipline but also its resilience to shocks during the last decade.

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**Chart 8: Sovereign Risk Rating of Paraguay**  
Period 2013 – 2023



Source: Vice Ministry of Economy and Planning.



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## Other accesses of interest


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### ODS Objectives


 [Sustainable Paraguay](#)

 [Sustainable Development Objectives \(ODS\)](#)

### Ministry of Industry and Trade

 [MyPIMES](#)

 [Maquila](#)

 [Programs and Projects for MyPIMES](#)

### Environmental Actions

 [Legal Provisions on environmental policies and actions](#)



Viceministry of Economy and Planning  
General Directorate of Debt Policy

## Ministry of Economy and Finances



### Financial Agency of Development



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General Directorate of Debt Policy







**Economic Indicators / 2019 – 2023**

	2019	2020	2021	2022(*)	2023(**)
<b>Real Sector</b>					
Population (million)	7,152.7	7,252.7	7,353	7,453.7	7,554.8
GDP (USD million)	46,359.9	45,979.9	47,826.8	47,862.8	50,040.5
GDP per capita (USD)	6,481.5	6,339.7	6,504.4	6,421.4	6,623.7
GDP (annual variation in %)	-0.4	-0.8	4.0	0.1	4.5
Total Consumption (annual variation in %)	2.2	-2.2	5.5	1.0	3.8
Capital Investment (annual variation in %)	-6.1	5.3	18.2	-2.3	-2.5
Unemployed Rate (open)	6.9	7.2	6.3	5.7	6.5
<b>Economy Structure</b>					
<b>In view of Supply</b>					
<b>Primary Sector</b>	<b>-3.1</b>	<b>7.4</b>	<b>-11.6</b>	<b>-8.7</b>	<b>15.0</b>
Agriculture	-4.4	9.0	-18.2	-12.7	22.5
Livestock	1.2	4.4	6.2	-0.3	-0.9
Others	-1.1	0.9	6.8	-0.7	5.8
<b>Secondary Sector</b>	<b>-3.0</b>	<b>0.7</b>	<b>5.0</b>	<b>0.4</b>	<b>2.6</b>
Industry	-1.1	-1.3	6.9	0.1	1.1
Construction	2.5	10.5	12.8	-4.3	-4.0
Binationals	-11.5	-2.3	-7.6	6.8	13.8
<b>Tertiary Sector</b>	<b>2.4</b>	<b>-3.1</b>	<b>6.5</b>	<b>1.6</b>	<b>4.0</b>
General Government	4.3	6.4	-3.4	-0.5	4.5
Trade	-1.2	-8.1	14.3	3.4	5.2
Communications	4.6	6.1	4.5	-2.2	0.9
Other Services	3.0	-5.7	7.7	2.2	3.8
Taxes	-2.7	-5.1	9.0	0.5	4.0
<b>In view of Demand</b>					
<b>In Millions of USD</b>					
Total Investment	6,159.3	5,732.1	6,802.1	6,697.8	6,169.9
Total Consumption	26,070.0	22,525.8	23,852.0	24,264.7	23,787.2
Exports	12,229.3	9,834.8	10,072.8	9,982.6	11,902.8
Imports	11,500.5	8,621.6	10,539.0	11,208.5	11,415.9
<b>Monetary and Financial Sector</b>					
Rate of Exchange (PYG per USD, fdp)	6338.8	6984.9	6898.8	6974.2	7276.1
Inflation (CPI, annual variation in % Average, last 12 months))	2.6	1.6	9.3	11.1	3.5
Inter-banking rate of interest (% fdp)	4.09	0.55	0.95	8.26	8.04
Monetary Aggregates (annual variation of M2 in %)	6.8	18.3	10.2	-0.5	11.1



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Dollarization Ratio (% of banking deposits in ME)	44.9	45.2	46.3	46.4	46.7
Banking sector credits granted to the private sector (% of the GDP)	13.2	6.9	7.3	12.9	10.6
Real Salary (annual variation, %)	3.2	1.1	5.5	6.9	6.5
<b>External Sector</b>					
<b>In Millions of USD</b>					
<b>Exports</b>	997.3	1,001.0	1,182.6	1,217.3	1,478.6
Inter-annual variation in %	-3.6	0.4	18.1	2.9	21.5
<b>Imports</b>	1,063.0	851.1	1,210.2	1,403.5	1,459.4
Inter-annual variation in %	0.9	-19.9	42.2	16.0	4.0
<b>Trade Balance</b>	-65.7	149.8	-27.6	-186.3	19.2
GDP %	-0.1	0.3	-0.1	-0.4	0.04
<b>In millions of USD</b>	-215.8	669.2	-347.4	-2,993.5	417.6
<b>Current Account</b>	-0.5	1.5	-0.7	-6.3	0.8
GDP %	-317.9	-1,521.4	-898.5	-438.3	153.2
<b>Capital and Financial Account</b>	-0.7	-3.3	-1.9	-0.9	0.3
GDP %	409.4	198.5	305.8	672.0	81.6
Direct Foreign Investment	0.9	0.4	0.6	1.4	0.2
GDP %	7,733.0	8,954.4	9,752.6	9,443.8	9,990.6
<b>International Reserves</b>	16.7	19.5	20.4	19.7	20.0
GDP %	16,9	19,6	21,3	19,6	20,5
<b>Public Sector</b>					
(GDP %)					
<b>Income</b>	14.2	13.5	13.7	14.1	9.8%
<i>Which: Taxation Income represents</i>	10.0	9.5	9.8	10.3	7.5%
<b>Expenses</b>	17.0	19.7	17.3	17.1	11.6%
<i>Which: Payment of interests represents</i>	0.8	1.1	1.1	1.2	1.2%
<b>Primary Balance</b>	-2.0	-5.1	-2.5	-1.8	-0.7%
<b>Taxable income</b>	-2.8	-6.1	-3.6	-3.0	-1.9%
<b>Total Debt of the Public Sector</b>	22.9	33.8	33.8	36.0	36.3
<b>Public External Debt</b>	18.7	29.0	29.3	31.8	31.9
% of the Total Public Debt	81.7	85.9	86.7	88.5	87.8
<b>Domestic Public Debt</b>	4.2	4.8	4.5	4.1	4.4
% of the Total Public Debt	18.3	14.1	13.3	11.5	12.2
<b>Service of the Domestic Public Debt</b>	1.3	1.6	1.6	1.8	0.4

**References:**

Remarks and Sources: Chart prepared by the Directorate of Indebtedness Policy (DPE, Ministry of Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of November 14, 2023) and the Ministry of Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of September, 2023 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M09: September); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (\*) means preliminary data subject to changes and (\*\*) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of September, 2023 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binational mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2023 correspond to September, 2023 (2023, M09).
12. Exports include re-exports and other exports. The inter-annual variation of exports/imports as of September, 2023 (Sep, 2023/Sep, 2022) obtains the accrued variation of exports/imports of the total exports and imports accrued from September, 2023, concerning the same period of the year 2022.



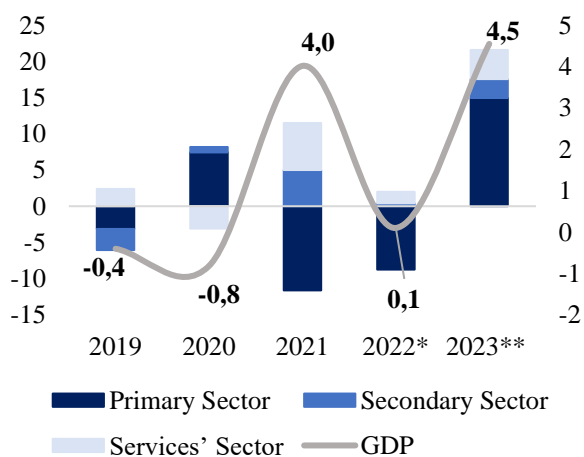
## Macroeconomic Overview of Paraguay October 2023

### GDP growth forecast for Paraguay is kept by 4.5%.

According to the World Economy Overview (WEO) published by the International Monetary Fund, the growth projection for Paraguay is kept by 4.5%.

This forecast is based on different factors such as the good dynamics of the internal and external tax income, the improvement in electricity production and the one of the primary sector as well as the good performance of the maquila sector

**Chart 1:** Percentage variation per line of business of the GDP growth (2019-2023).



Source: Central Bank of Paraguay



## International Context

Concerning the perspectives for the World Economy, growth for this year is kept by 3.0%.

For some economies such as the one of the United States among other economies, an improvement is foreseen in the perspective whereas, on the other hand, a moderate growth is expected for China and the Eurozone.

Concerning the region, forecasts are kept for Argentina together with a growth improvement for Brazil.



[Monetary Policy Committee \(BCP\)](#)

**Table 1:** World growth. Annual variation, percentage

	2022	2023	2024
World	3,5	3,0	2,9
U.S.A.	2,1	2,1	1,5
Eurozone	3,3	0,7	1,2
China	3,0	5,0	4,2
Brazil	2,9	3,1	1,5

Source: International Monetary Fund WEO – Oct. 2023



[WEO october 2023](#)

## Debt levels and structures of the Total Public Sector

The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one taken on by such Central Administration as the main debtor; on the other hand, the indirect debt of the Central Administration is the one established by any natural or legal, public or private person,

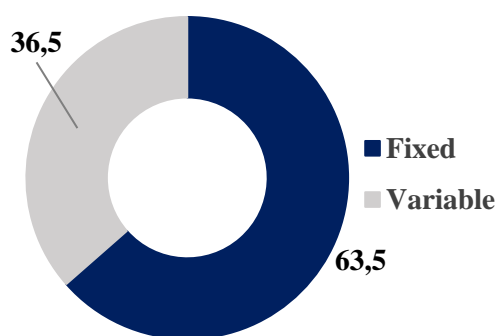


different from such Central Administration, but which has its corresponding guarantee or bond, duly authorized by law (public entities, second tier banks, etc.)

As of October, a total debt level of the Public Sector has registered 36.8% of the GDP, which is considered sustainable for the public finances of the country and it is one of the lowest levels of the debt in the region.

In view of the classification of the total public sector's debt, per kind of rate as of October, 63.5% is at a fixed rate and 36.5% is at a variable rate.

**Figure 1:** Total public debt balance by rate of interest

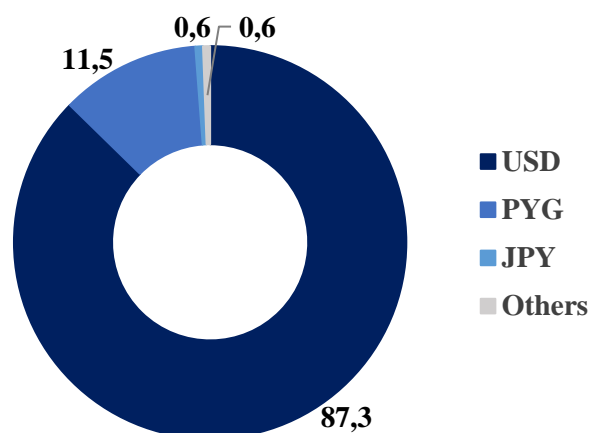


Source: Vice-ministry of Economy and Planning

On the other hand, the public debt structure per currency as of October keeps a greater ratio in USD (87.3%) together with PYG (11.5%), JPY (0.6%) and others in other currencies (0.6%).

It is worth pointing out that the greater debt ratio is in dollars does not represent a risk for the country, since Paraguay receives income in dollars as annual royalties for the hydraulic potential use of Parana River for electric energy production, coming from the binational entities (Itaipu and Yacyreta).

**Figure 2:** Total public debt balance per currency in percentage



Source: Vice-ministry of Economy and Planning



**Average time of debt maturity:** Due to placements in the international markets in greater terms than the ones of the domestic markets, an increase of the average maturity of the Total Public Sector Debt (ATM) has been increased from 11.6 years (2015) to 12.3 years (April 2021). This allows a greater maneuverability margin of the public debt.

**Table 2:** Debt Average maturity. (Years\*)

Years	Total Public Sector		Total Debt
	External Debt	Domestic Debt	
2015	13,2	3,5	11,6
2016	12,3	4,1	11,1
2017	11,5	4,1	10,6
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3

\* Does not include perpetual debt with the BCP.

Source: Vice-ministry of Economy and Planning



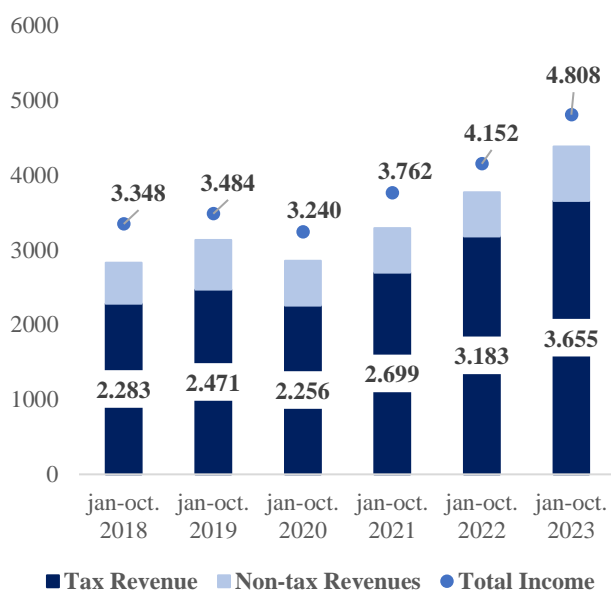
**Financial situation. October 2023.** This month has registered an accrued deficit of USD962.5 million representing the -2.22% of the GDP. Likewise, a negative operational outcome of USD 290.0 million has been registered representing -0.67% of the GDP.

**In October, 2023, total income has shown an increase of 4.6% in annualized terms.**

Total income accrued has reached USD 3,241.3 million as of October. This is due a good dynamic of the internal tax income together with an improvement of the external tax collection.

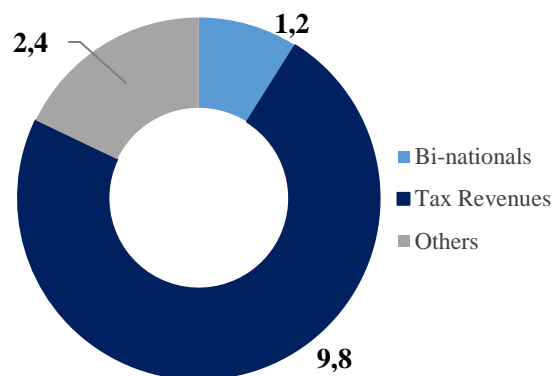
Likewise, income coming from compensations, royalties and grants may be emphasized.

**Chart 2:** Income accrued as of September, 2023, in million Dollars.



Source: SITUFIN – Ministry of Economy and Finances.

**Figure 3:** Income components in percentage

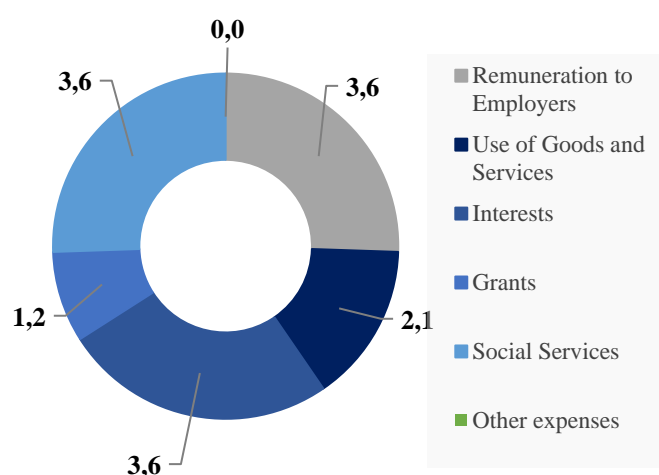


Source: SITUFIN - Ministry of Economy and Finances

**As of October, the total expense has shown an increase of 14.2% concerning the same period of 2022.**

This behavior is based on remuneration increases of education, health and national security sectors together with payments related to retirement and social programs.

**Figure 4:** Composition of percentage accrued expenses as of October, 2023.



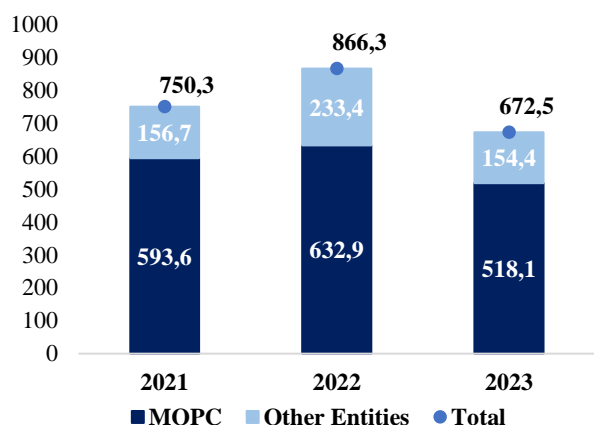
Source: SITUFIN - Ministry of Economy and Finances

### Investment Level as of October, 2023:

Investment has decelerated in the execution of the tenth month of the year registering a total of USD 672.5 million which represents 1.55% of the GDP.

Investment is classified as follow; USD 518.1 million for the Ministry of Public Works and Communications and USD 154.4 million to other entities.

**Chart 3:** Accrued Investment, in millions of USD



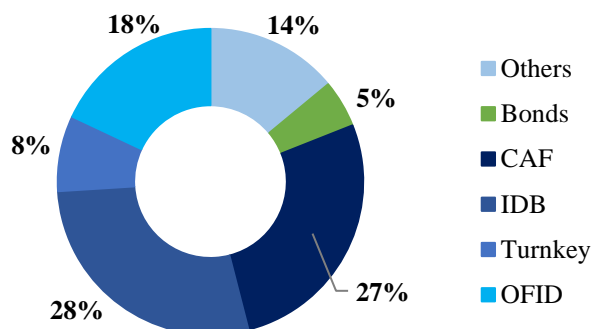
Source: SITUFIN - Ministry of Economy and Finances

### Investment of the Ministry of Public Works and Communication (MOPC) classified per financing.

As of October, 2023, the investment of the Ministry of Public Works and Communications (MOPC) has shown the following figures: **USD 27.5 million** corresponding to **Bonds**; **USD 143.5 million** of the **Inter American Bank of Development (IDB)**; **USD 43.8 million** corresponding to **Turnkey**; **USD 142.4 million** corresponding to **Andean Development Corporation (CAF)**; **USD 90.8 million** corresponding to the **OPEP Fund for the International Development (OFID)**; and

**USD 70 million** corresponding to **other organisms**.

**Figure 5:** Investment percentage in MOPC, classified per financing



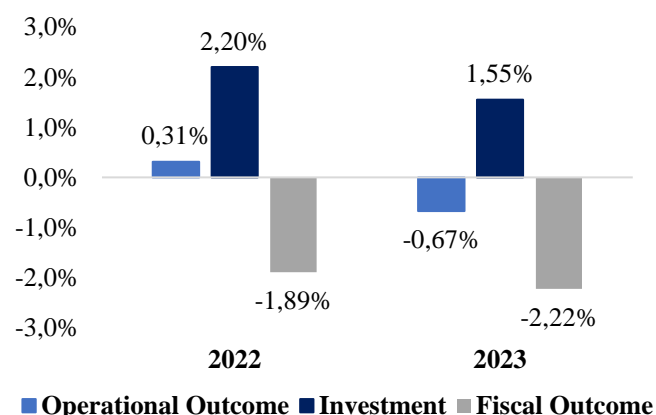
Source: SITUFIN - Ministry of Economy and Finances



### Fiscal Indicators in GDP percentage, October, 2023

In October, 2023, there has been a fiscal deficit of -2.22%, having an investment level of 1.55%, and being the annualized fiscal outcome -3.20% of the GDP.

**Chart 4:** Fiscal Indicators in GDP percentage



Source: SITUFIN - Ministry of Economy and Finances





## Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.

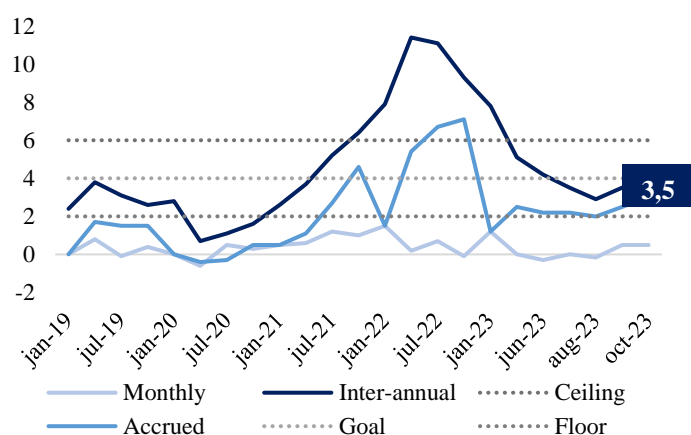
## Inflation

The inflation goal, measured by the Consumer Price Index, is 4.0% having a tolerance range of 2 points upwards and 2 points downwards, which allows that the inflation fluctuates within the goal range, considering the exposure of the Paraguayan economy to external shocks in view of the features of a small and open economy.

In the United States, the monthly inflation has shown a fall concerning the foreseen 0.1% reaching 0% together with a weakening in the employment creation. Likewise, the Eurozone has also manifested a deceleration from 4.2% to 2.9% so that it was opted to keep the interest rates.

According to the domestic economy, as of October, the inflation has shown a downwards behavior concerning the previous month by 0.5%, due to the increase in some food products such as beef. Likewise, the IPCSAE (IPC with no food and energy) presented a monthly variation of 0.3%.

**Chart 5:** Inflation as of October, 2023, in percentage



Source: Central Bank of Paraguay



[Monetary Policy Committee \(BCP\)](#)

## Rate of Interest of the Monetary Policy

This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.

**As of October, 2023, the Monetary Policy Rate (TPM) has been reduced to 7.25%.** The Monetary Policy Committee (CPM) has decided again to reduce the Monetary Policy Rate (TPM) in 50 percentage points, from 8.25% to 7.75%.

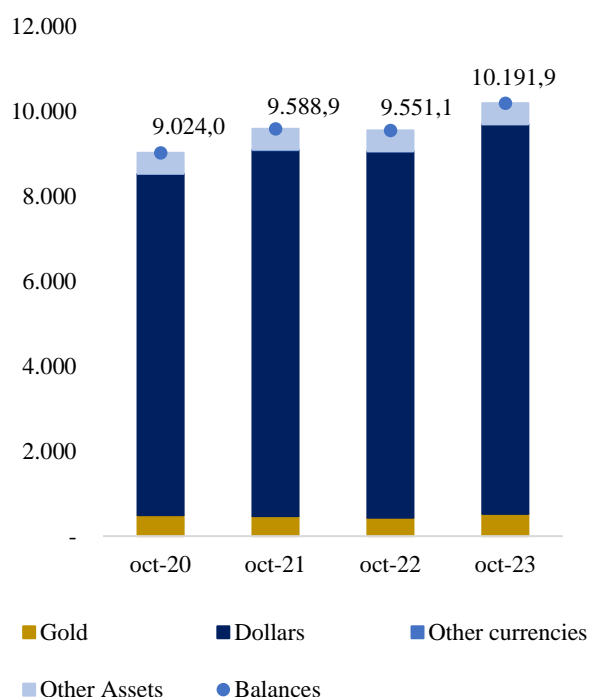
## Net International Reserves

The Net International Reserves' stock as of October, 2023, has reached a USD 10,191.9 million balance, consisting of USD 526.6 million corresponding to gold; USD 9,169.7 million in Dollars; USD 0.26 million in other currencies and USD 495.4 concerning other assets.





**Chart 6:** RIN composition, in million Dollars.



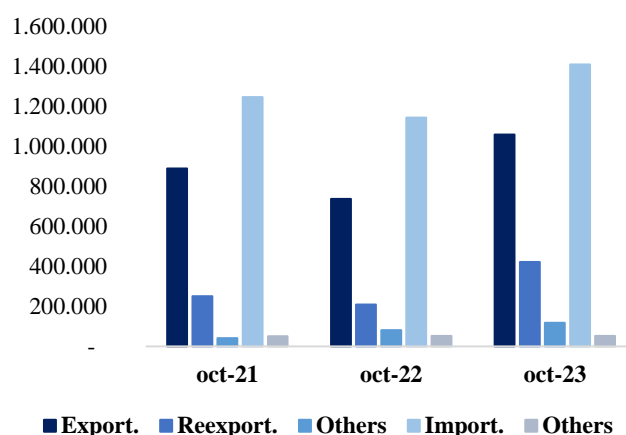
Source: Central Bank of Paraguay

### Balance of Trade

In October, 2023, the foreign trade figures (Exports plus Imports), represented USD 3,059.9 million.

Total exports as of October, 2023, totaled USD 1,598.9 million. On the other hand, total imports as of October, 2023 totaled USD 1,461.0 million. Finally, the balance of trade of USD 137.9 million in favor of exports has been registered.

**Chart 7:** Balance of Payments, in thousands of Dollars



Source: Central Bank of Paraguay



### Credit Perspective of Paraguay

Paraguay has managed to keep the country risk rating and the stable perspective with the credit rating agencies Fitch and Standard & Poor's (S&P), and even improving to positive with Moody's Investors Service (Moody's), in spite of the uncertainty worldwide, and in view of this context, many countries of the region have had variations in their risk ratings and perspectives respectively, being Paraguay one of the few countries which has not been affected concerning its risk rating.

**Table 3:** Sovereign Risk Ratings 2023

Risk Rating Agency	Rate	Perspective	Last Review
<b>S&amp;P</b>	BB	Stable	29-mar-2023
<b>Moody's</b>	Ba1	Positive	04-aug-2022
<b>Fitch</b>	BB+	Stable	22-nov-2022

Source: Vice ministry of Economy and Planing

The risk rating agencies mentioned that Paraguay has managed to achieve advances in the structure reforms related to the strengthening of the fiscal institutionalality, which have helped to reinforce the credibility in the macroeconomic policies. Likewise, the resilience of the economy before the external and internal shocks has contributed to keep the risk ratings of the country under complex situations.

S&P has reviewed the risk rating in March, 2023, and decided to keep the risk rating in BB with a stable perspective. In this sense, among the key items of the current risk rating, the risk rating agency emphasized in its report the government commitment concerning the macroeconomic policies, the agreement to establish structure reforms aimed at strengthening the economic resilience, the flexible exchange rate and the inflation goals' regime. These last ones have been essential for the monetary policy strengthening.

### Paraguay is close to the investment grade

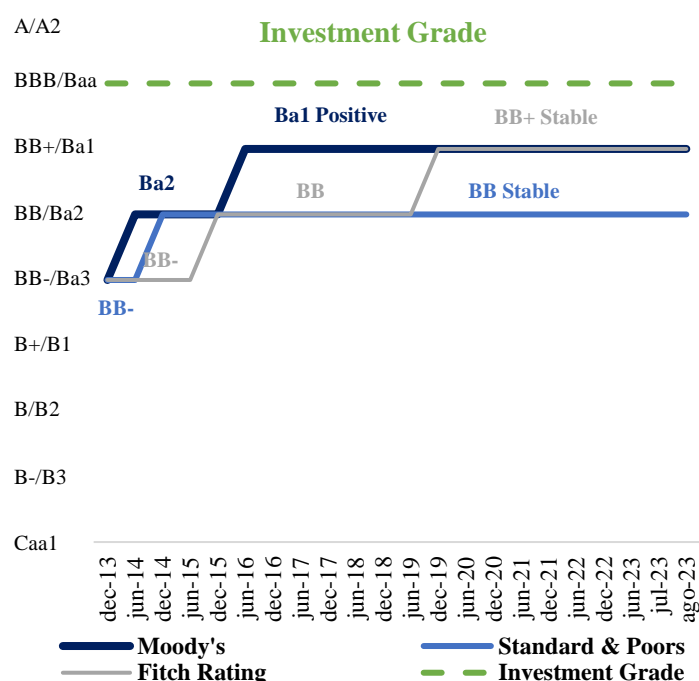
Moody's, in view of its report on *"Sovereigns-Global: Fallen angel sovereigns' path back to investment grade is challenging, paved with reforms"*, published on April 25, 2023, has mentioned that the fiscal weakness has been a significant factor that has caused that many countries have lost their "investment grade".

In this sense, they reinforce the importance of improving the fiscal and growth perspectives. In addition, they emphasize that the countries which have managed to go back to the "investment grade", have been those which have fostered wide and deep policy reforms.

Moody's has highlighted Paraguay, which has currently the Ba1 rate having a positive perspective (close to the investment grade). They emphasize that the country has a potential opportunity for the risk rating upgrade to the investment grade.

In view of their report, they mention that the positive perspective achieved in July, 2022, shows that the country, after a solid growth and a prudent fiscal policy, favorably compares to countries rated with Baa. In addition, they point out that the structure and fiscal reforms supports the institutional strength and the governability. Paraguay has established not only its fiscal discipline but also its resilience to shocks during the last decade.

**Chart 8: Sovereign Risk Rating of Paraguay Period 2013 – 2023**



Source: Vice ministry of Economy and Planning



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### Financial Agency of Development



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	2019	2020	2021	2022(*)	2023(**)
<b>Real Sector</b>					
Population (million)	7.152,7	7.252,7	7.353	7.453,7	7.554,8
GDP (USD million)	46.359,9	45.979,9	47.826,8	47.862,8	50.040,5
GDP per capita (USD)	6.481,5	6.339,7	6.504,4	6.421,4	6.623,7
GDP (annual variation in %)	-0,4	-0,8	4,0	0,1	4,5
Total Consumption (annual variation in %)	2,2	-2,2	5,5	1,0	3,8
Capital Investment (annual variation in %)	-6,1	5,3	18,2	-2,3	-2,5
Unemployed Rate (open)	6,9	7,2	6,3	5,7	6,5
<b>Economy Structure</b>					
<b>In view of Supply</b>					
<b>Primary Sector</b>	-3,1	7,4	-11,6	-8,7	15,0
Agriculture	-4,4	9,0	-18,2	-12,7	22,5
Livestock	1,2	4,4	6,2	-0,3	-0,9
Others	-1,1	0,9	6,8	-0,7	5,8
<b>Secondary Sector</b>	-3,0	0,7	5,0	0,4	2,6
Industry	-1,1	-1,3	6,9	0,1	1,1
Construction	2,5	10,5	12,8	-4,3	-4,0
Binationals	-11,5	-2,3	-7,6	6,8	13,8
<b>Tertiary Sector</b>	2,4	-3,1	6,5	1,6	4,0
General Government	4,3	6,4	-3,4	-0,5	4,5
Trade	-1,2	-8,1	14,3	3,4	5,2
Communications	4,6	6,1	4,5	-2,2	0,9
Other Services	3,0	-5,7	7,7	2,2	3,8
Taxes	-2,7	-5,1	9,0	0,5	4,0
<b>In view of Demand</b>					
<b>In Millions of USD</b>					
Total Investment	5.876,4	5.676,8	6.821,3	6.415,6	6.079,0
Total Consumption	24.872,6	22.308,6	23.919,2	23.242,4	23.436,7
Exports	11.667,6	9.739,9	10.101,2	9.562,1	11.727,4
Imports	10.972,3	8.538,5	10.568,7	10.736,3	11.247,7
<b>Monetary and Financial Sector</b>					
Rate of Exchange (PYG per USD, fdp)	6.439,4	7.018,6	6.907,0	7.176,8	7.384,8
Inflation (CPI, annual variation in % Average, last 12 months)	2,6	1,6	9,3	11,1	3,5
Inter-banking rate of interest (% , fdp)	4,09	0,55	0,95	8,26	7,81
Monetary Aggregates (annual variation of M2 in %)	6,8	18,3	10,2	-0,5	10,6





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Dollarization Ratio (% of banking deposits in ME)	44,9	45,2	46,3	46,4	44,8%
Banking sector credits granted to the private sector (% of the GDP)	13,2	6,9	7,3	12,9	10,3
Real Salary (annual variation, %)	3,2	1,1	5,5	6,9	6,5
<b>External Sector</b>					
<b>(in millions of USD)</b>					
<b>Exports</b>	1.037,9	987,8	1.179,9	1.026,9	1.599,0
Inter-annual variation in %	2,2	2,1	2,5	2,1	3,2
<b>Imports</b>	1.096,6	842,6	1.295,7	1.196,4	1.461,0
Inter-annual variation in %	2,4	1,8	2,7	2,5	2,9
<b>Trade Balance</b>	-58,7	145,1	-115,7	-169,6	137,9
GDP %	-0,1	0,3	-0,2	-0,4	0,3
<b>Current Account</b>	-215,8	669,2	-347,4	-2.993,5	417,6
GDP %	-0,5	1,5	-0,7	-6,3	0,8
<b>Capital and Financial Account</b>	-372,8	283,8	-305,5	-2.695,9	184,1
GDP %	-0,8	0,6	-0,6	-5,6	0,4
Direct Foreign Investment	-124,8	39,8	217,0	-52,8	-8,8
GDP %	-0,3	0,1	0,5	-0,1	0,0
<b>International Reserves</b>	7.842,4	9.024,0	9.588,9	9.551,1	10.191,9
GDP %	16,9	19,6	20,0	20,0	20,4
<b>Public Sector</b>					
<b>(GDP %)</b>					
<b>Income</b>	14,2%	13,5%	13,7%	14,1%	9,8%
<i>Which: Taxation Income represents</i>	10,0%	9,5%	9,8%	10,3%	7,5%
<b>Expenses</b>	17,0%	19,7%	17,3%	17,1%	11,6%
<i>Which: Payment of interests represents</i>	0,8%	1,1%	1,1%	1,2%	1,2%
<b>Primary Balance</b>	-2,0%	-5,1%	-2,5%	-1,8%	-0,7%
<b>Taxable income</b>	-2,8%	-6,1%	-3,6%	-3,0%	-1,9%
<b>Total Debt of the Public Sector</b>	22,9	33,8	33,8	36,0	36,8
<b>Public External Debt</b>	18,7	29,0	29,3	31,8	32,3
% of the Total Public Debt	81,7	85,9	86,7	88,5	87,8
<b>Domestic Public Debt</b>	4,2	4,8	4,5	4,1	4,5
% of the Total Public Debt	18,3	14,1	13,3	11,5	12,2
<b>Service of the Domestic Public Debt</b>	1,3	1,6	1,6	1,8	0,2





Viceministry of Economy and Planning  
General Directorate of Debt Policy

**References:**

1) Remarks and Sources: Chart prepared by the Directorate of Indebtedness Policy (DPE, Ministry of Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of October 13, 2023) and the Ministry of Finance.

1. The exchange rate corresponds to the one of the last working day of the year.
2. Income and Expenses as of October, 2023 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M10: October); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (\*) means preliminary data subject to changes and (\*\*) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of October, 2023 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binationals mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2023 correspond to October, 2023 (2023, M10).
12. Exports include re-exports and other exports. The inter-annual variation of exports/imports as of October, 2023 (Oct, 2023/Oct, 2022) obtains the accrued variation of exports/imports of the total exports and imports accrued from October, 2023, concerning the same period of the year 2022.



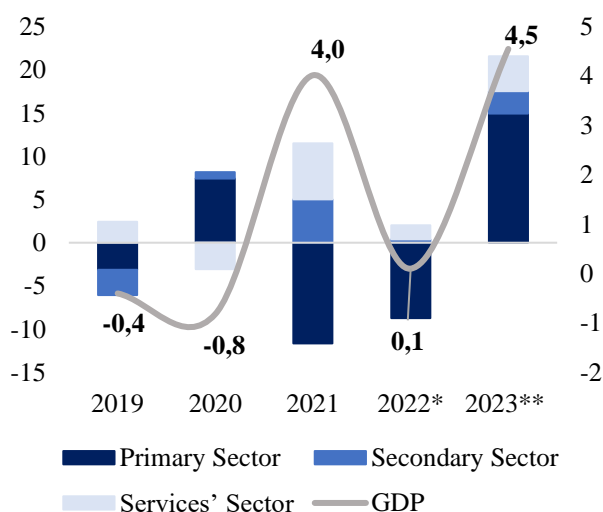
## Macroeconomic Overview of Paraguay November 2023

### GDP Growth forecast for 2023

According to the World Economy Overview (WEO), published in October by the International Monetary Fund, the growth projection of Paraguay is kept by 4.5%.

This forecast has been shown in the continuous performance of internal and external taxes, as well as those referring to grants, royalties and compensations.

**Chart 1:** Percentage variation per line of business of the GDP growth (2019-2023).



Source: Central Bank of Paraguay



### International Context

Concerning the perspectives for the World Economy, growth for the current year is kept by 3%.

The United States' economy has manifested a positive performance. On one hand, Inflation has decelerated and employment has experienced an increase. On the other hand, the Eurozone has also registered a lower inflation concerning October. In addition, and a possible reduction of the monetary policy rate is expected for 2024.

In a regional context, inflation has been accelerating in Argentina concerning October together with a reduction in the economic activity. In Brazil, inflation has been reduced and the economic activity has been increased concerning the previous month.



**Table 1:** World growth. Annual variation, percentage

	2022	2023	2024
World	3,5	3,0	2,9
U.S.A.	2,1	2,1	1,5
Eurozone	3,3	0,7	1,2
China	3,0	5,0	4,2
Brazil	2,9	3,1	1,5

Source: Central Bank of Paraguay



### Debt levels and structures of the Total Public Sector

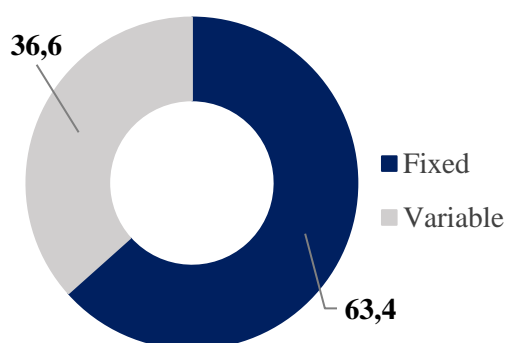
The Law 1535/2000 on the “Financial Administration of the State”, in its Article N° 42, establishes that the public debt shall be classified in internal and external, direct and indirect. The direct public debt of the Central Administration is the one assumed as the main debtor; on the other hand, the indirect debt of the Central Administration is the one

established by any natural or legal, public or private person, different from itself, but that has its corresponding guarantee or security, duly authorized by the law (state-owned companies, second-tier banks, etc.)

In November, there has been a debt level of the Total Public Sector of 37,4% of the GDP, which is considered sustainable for the public finances of the country, and it is one of the lowest levels of debt in the region.

**Concerning the debt classification of the total public sector, according to the rate type as of November**, 63.4% has been observed at a fixed rate and 36.6% at a variable rate.

**Figure 1:** Total public debt balance according to the rate of interest



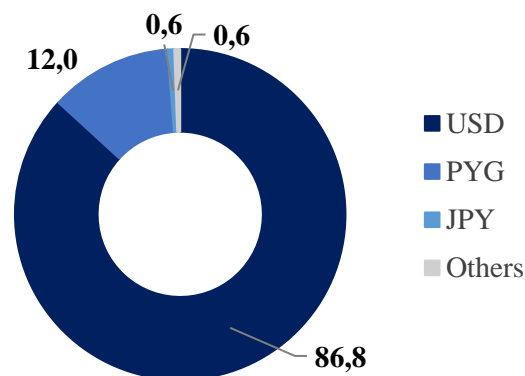
Source: Vice-ministry of Economy and Planning

**The public debt structure per currency as of November** kept a greater ratio in USD (86.8%), followed by the PYG (12%), JPY (0.6%) and other currencies, having (0.6%).

It is worth pointing out that the greater debt ratio in Dollars does not represent a risk for the country since Paraguay receives income in Dollars as annual royalties for the hydraulic potential use of the Parana River for the

production of electricity coming for the binational entities (Itaipu and Yacyreta).

**Figure 2:** Total public debt balance per currency in percentage



Source: Vice-ministry of Economy and Planning



### Average time of debt maturity

Due to placements in the international markets in greater terms than the ones of the domestic markets, an increase of the average maturity of the Total Public Sector Debt (ATM) has been achieved from 11.6 years (2015) to 12.3 years (April 2021). This allows a greater maneuverability margin of the public debt.

**Table 2:** Debt Average maturity. (Years\*)

Years	Total Public Sector		Total Debt
	External Debt	Domestic Debt	
2015	13,2	3,5	11,6
2016	12,3	4,1	11,1
2017	11,5	4,1	10,6
2018	12,7	3,4	12
2019	13,3	3,4	12,6
2020	14,9	4,8	14,3
2021	12,6	7,6	12,3

\* Does not include perpetual debt with the BCP.

Source: Vice-ministry of Economy and Planning



**Financial situation. November 2023.** This month has registered an accrued deficit of USD874.4 million representing the -2.03% of the GDP.

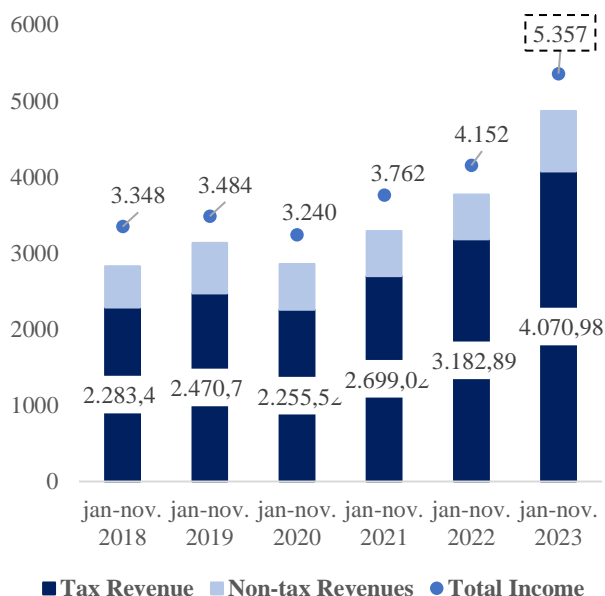
Likewise, a negative operational outcome of USD 82.4 million has been registered which represents -0.19% of the GDP.

**In November, 2023, total income represents a 6.0% growth that in annualized terms represent 13.6% of the GDP.**

Total income accrued has achieved 5,356.7 million. This has been due to the good dynamics of internal and external income which are kept as of November. On the other hand, internal taxes have shown a 6.8% interannual growth.

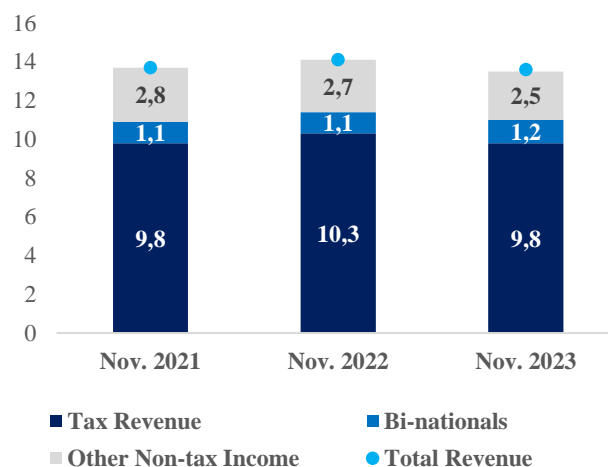
In addition, it is worth pointing out income coming from compensations, royalties and grants.

**Chart 2:** Income accrued as of November, 2023, in million Dollars.



Source: SITUFIN – Ministry of Economy and Finances.

**Chart 3:** Income components in percentage

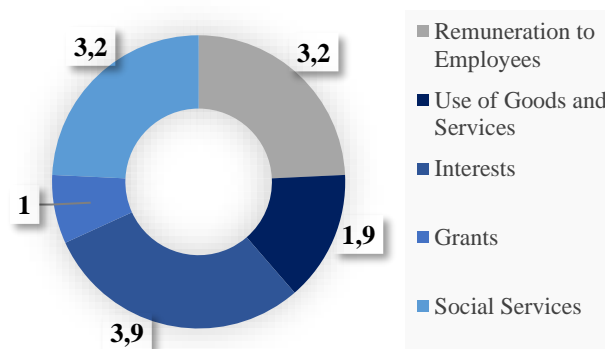


Source: SITUFIN - Ministry of Economy and Finances

**The total expense growth has been 13.2% as of November.**

This behavior has been based on increases in remunerations to education, health and national security sectors including a 16.5% growth of Social Pensions because of payment of retirements and social programs.

**Figure 3:** Composition of percentage accrued expenses as of November, 2023.

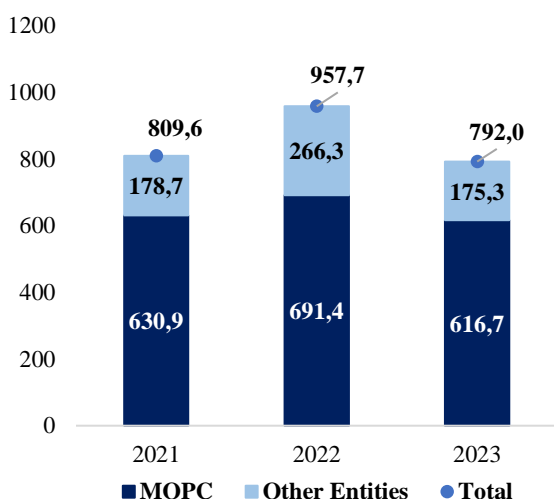


Source: SITUFIN - Ministry of Economy and Finances

### Investment Level as of November, 2023:

Public investment keeps on being prioritized, although its execution has been decelerated in the last months, having an annualized investment that represents 2.23% of the GDP. Investment is classified as follows; USD 616.7 million for the Ministry of Public Works and Communications and USD 175.3 million for other entities.

**Chart 4:** Accrued Investment, in millions of USD



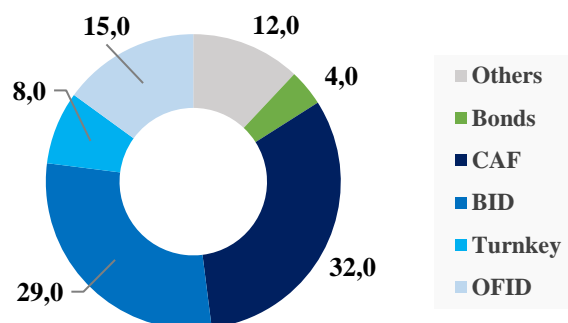
Source: SITUFIN - Ministry of Economy and Finances

### Investment of the Ministry of Public Works and Communication (MOPC) classified per financing.

As of November, 2023, the investment of the Ministry of Public Works and Communications (MOPC) has shown the following figures: USD 27.7 million corresponding to Bonds; USD 177.7 million of the Inter American Bank of Development (IDB); USD 48.8 million corresponding to Turnkey; USD 195.6 million corresponding to Andean Development Corporation (CAF); USD 91.9 million corresponding to the OPEP Fund for the

International Development (OFID); and USD 75.0 million corresponding to other organisms.

**Figure 4:** Investment percentage in MOPC, classified per financing

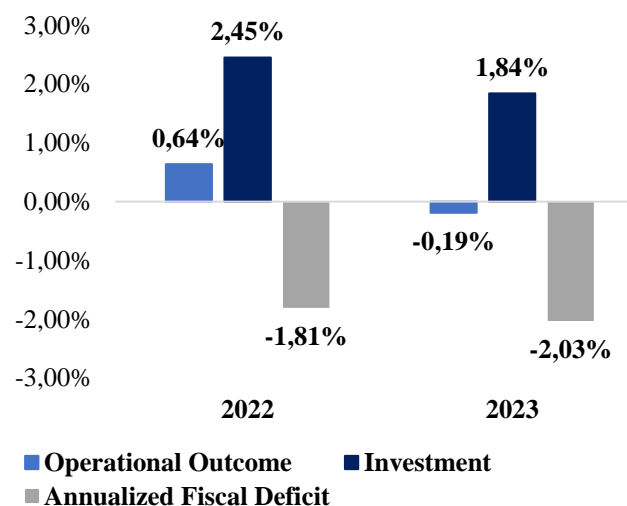


Source: SITUFIN - Ministry of Economy and Finances

### Fiscal Indicators in GDP percentage, November, 2023

As of November, 2023, there has been a fiscal deficit of -2.03%, having an investment level of 2.23%, and being the annualized fiscal outcome -3.07% of the GDP.

**Chart 5:** Fiscal Indicators in GDP percentage



Source: SITUFIN - Ministry of Economy and Finances



## Monetary Policy

The Central Bank of Paraguay leads the monetary policy under an inflation goal scheme. Since 2011, officially under this goal scheme, the main goal of the Monetary Policy according to the Law N° 6104 that modifies and widens the Organic Law N° 489/95 of the Central Bank of Paraguay (BCP), is to preserve and safeguard the value stability of the currency providing a face foreseeability framework for the Paraguayan economy, on which the economic agents may be based to make decisions concerning consumption and investment.



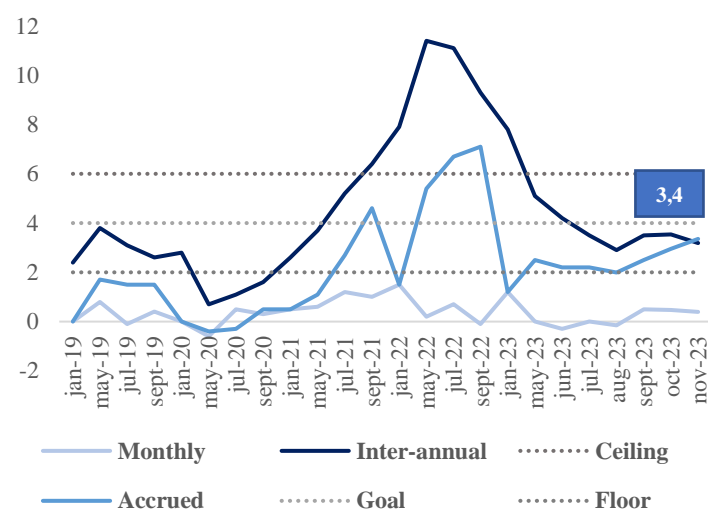
## Inflation

The inflation, measured by the variation between the Consumer Price Index, is 4.0%, having a tolerance range of 2 points upwards and 2 points below the goal, which makes the inflation fluctuate within the goal range, considering the Paraguayan economy exposure to external shocks given its features of a small and open economy.

In United States, inflation has been reduced concerning October from 3.2% to 3.1%. On the other hand, the Eurozone has shown a total inflation of 2.4% in November concerning 2.9% in October.

In November, the monthly variation of the IPC and the IPCSAE (excluding food and electricity) have shown a reduction concerning the previous month remaining at 3.2% and 4.1% so that inflation has been kept within the 4% goal.

**Chart 6:** Inflation as of November, 2023, in percentage



Source: Central Bank of Paraguay



## Rate of Interest of the Monetary Policy

This is a monetary policy instrument through which it is exercised influence in the liquidity and the rates of interest of the market that may affect part of the economic activity and has an impact on inflation.

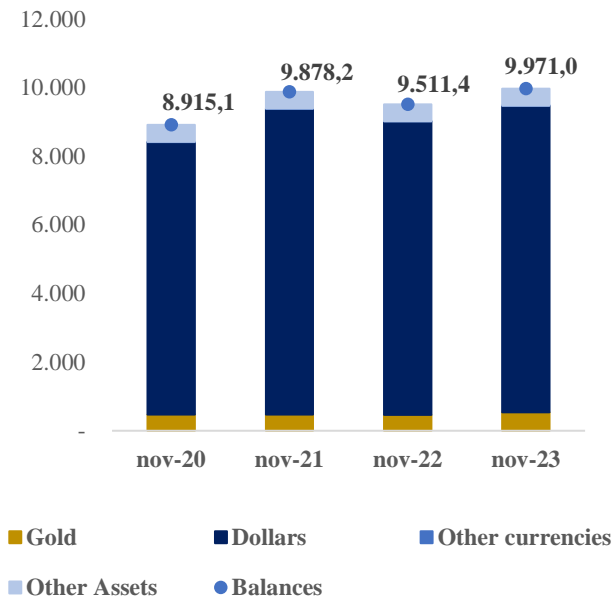
**In November, 2023, the Monetary Policy Rate (TPM) has been reduced to 7.25%.**

The Monetary Policy Committee (CPM) has reduced again the Monetary Policy Rate (TPM) by 50 percentage points from 7.75% to 7.25%.

## Net International Reserves

The Net International Reserves' stock as of November, has achieved a USD 9,971.0 million balance, consisting of USD 536.04 million corresponding to Gold; USD 8,936.64 million Dollars; USD 0.13 million in other currencies and USD 498.17 concerning other assets.

**Chart 7:** RIN composition, in million Dollars.



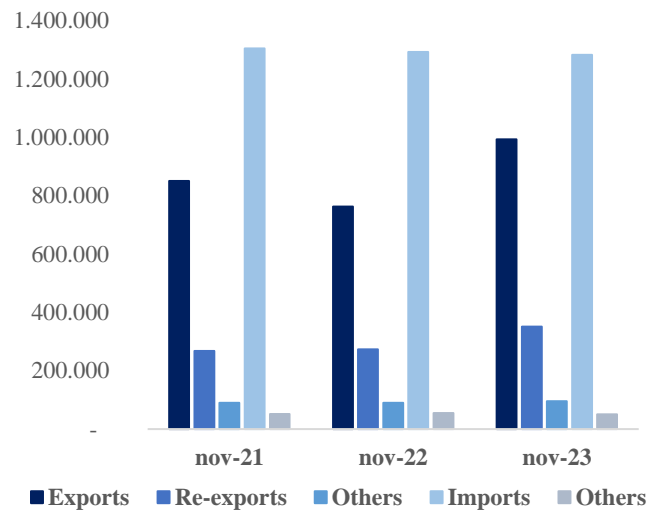
Source: Central Bank of Paraguay

### Balance of Trade

As of November, 2023, foreign trade figures (Exports plus Imports) represented USD 2,772.8 million.

Total exports as of November, 2023, were USD 1,439.1 million. On the other hand, total imports accrued as of November, 2023, have been USD 1,334.7 million, finally, the balance of trade has been USD 104.4 million, in favor of exports.

**Chart 8:** Balance of Trade, in thousands of Dollars



Source: Central Bank of Paraguay



### Credit Perspective of Paraguay

Paraguay has managed to maintain its credit rating and stable outlook with the rating agencies Fitch and Standard & Poor's (S&P), and even improved the outlook from stable to positive with Moody's Investors Service (Moody's). In this context, it is important to highlight that, **in its November 2023 review, Fitch Ratings raised Paraguay's Country Ceiling to BBB- (investment grade) from BB+.**

**Table 3:** Sovereign Risk Ratings 2023

Risk Rating Agency	Rate	Perspective	Last Review
<b>S&amp;P</b>	BB	Stable	29-Mar-2023
<b>Moody's</b>	Ba1	Positive	04-Aug-2022
<b>Fitch</b>	BB+	Stable	01-Nov-2023

Source: Vice-ministry of Economy and Planning



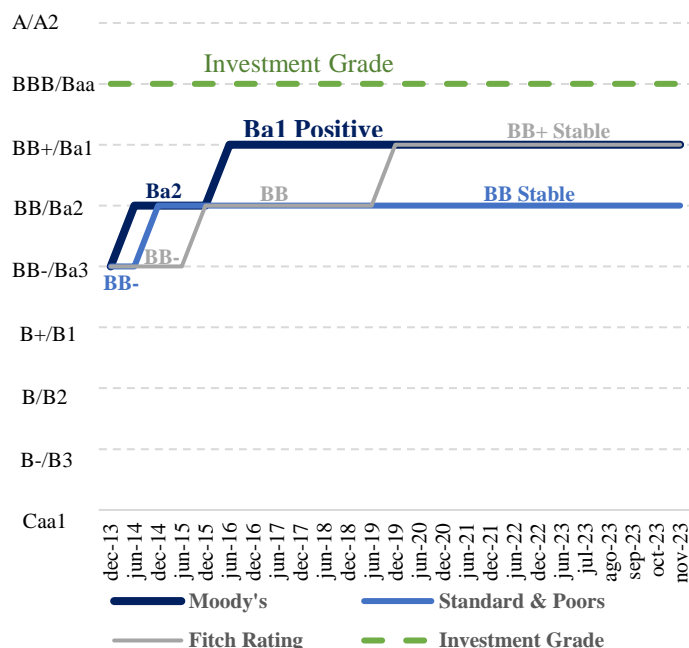
The Country Ceiling increase implies that in Paraguay, private issuers may go to the international market and fulfill their respective obligations. This occurs because risks in exchange rate controls are mitigated with sound external liquidity, a floating exchange rate, sound policies and macroeconomic institutions and efforts to diversify the economy and attract Foreign Direct Investment.

It is important to point out that this implies and advance towards the Investment Grade of the Sovereign Rate of the country.

Likewise, in spite of the uncertainty worldwide, and in view of this context, many countries of the region have had variations in their risk ratings and perspectives respectively, being Paraguay one of the few countries which has not been affected concerning its risk rating.

Currently, Paraguay is located at one step of the investment grade with Moody's and Fitch and at two steps with S&P.

**Chart 7:** Sovereign Risk Rating of Paraguay  
Period 2013 – 2023



Source: Vice-ministry of Economy and Planning





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Outcomes**

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for Development**



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**Indicadores Económicos / 2019 - 2023**

	2019	2020	2021	2022(*)	2023(**)
<b>Real Sector</b>					
Population (million)	7,152.7	7,252.7	7,353.0	7,453.7	7,554.8
GDP (USD million)	46,359.9	45,979.9	47,826.8	47,911.0	50,090.7
GDP per capita (USD)	6,481.5	6,339.7	6,504.4	6,427.8	6,630.3
GDP (annual variation in %)	-0.4	-0.8	4.0	0.2	4.5
Total Consumption (annual variation in %)	2.2	-2.2	5.5	1.6	3.6
Capital Investment (annual variation in %)	-6.1	5.3	18.2	-1.8	-3.0
Unemployed Rate (open)	6.9	7.9	6.8	5.7	6.5
<b>Economy Structure</b>					
<b>In view of Supply</b>					
<b>Primary Sector</b>	-3.1	7.4	-11.6	-8.6	15.3
Agriculture	-4.4	9.0	-18.2	-12.5	22.5
Livestock	1.2	4.4	6.2	-0.3	0.0
Others	-1.1	0.9	6.8	-0.7	7.3
<b>Secondary Sector</b>	-3.0	0.7	5.0	0.7	2.9
Industry	-1.1	-1.3	6.9	-0.1	2.3
Construction	2.5	10.5	12.8	-3.2	-5.7
Binationals	-11.5	-2.3	-7.6	7.8	13.8
<b>Tertiary Sector</b>	2.4	-3.1	6.5	1.5	3.8
General Government	4.3	6.4	-3.4	-0.7	4.5
Trade	-1.2	-8.1	14.3	3.4	5.2
Communications	4.6	6.1	4.5	-2.4	0.0
Other Services	3.0	-5.7	7.7	2.1	3.5
Taxes	-2.7	-5.1	9.0	1.1	4.0
<b>In view of Demand (In Millions of USD)</b>					
Total Investment	5,862.3	5,666.2	6,872.4	6,441.4	6,029.3
Total Consumption	24,812.9	22,266.7	24,098.4	23,366.2	23,370.4
Exports	11,639.6	9,721.6	10,176.9	9,612.0	12,158.2
Imports	10,946.0	8,522.4	10,647.9	11,125.2	12,056.0
<b>Monetary and Financial Sector</b>					
Rate of Exchange (PYG per USD, fdp)	6,454.9	7,031.8	6,855.6	7,181.5	7,442.2
Inflation (CPI, annual variation in % Average, last 12 months))	1.9	2.2	7.4	8.3	3.2
Inter-banking rate of interest (% , fdp)	3.88	0.57	2.98	8.52	7.51
Monetary Aggregates (annual variation of M2 in %)	7.7	19.8	6.7	3.3	8.5
Dollarization Ratio (% of banking deposits in ME)	44.9	45.2	46.3	46.4	44.8
Banking sector credits granted to the private sector (% of the GDP)	10.4	8.7	12.4	11.5	10.3
Real Salary (annual variation, %)	3.2	1.1	5.5	6.9	6.5
<b>External Sector (In Millions of USD)</b>					
<b>Exports</b>	1,007.6	1,007.6	1,209.0	1,126.9	1,439.1
Inter-annual variation in %	-2.9	0.0	20.0	-6.8	27.7





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<b>Imports</b>	871.8	871.8	1,356.6	1,348.5	1,334.7
Inter-annual variation in %	-18.7	0.0	55.6	-0.6	-1.0
<b>Trade Balance</b>	135.8	135.8	-147.7	-221.5	104.4
GDP %	0.3	0.3	-0.3	-0.5	0.2
<b>Current Account</b>	-215.8	669.2	-347.4	-2,993.5	417.6
GDP %	-0.5	1.5	-0.7	-6.3	0.8
<b>Capital and Financial Account</b>	<b>-317.9</b>	<b>-1,521.4</b>	<b>-898.5</b>	<b>-2,561.6</b>	<b>153.2</b>
GDP %	<b>-0.7</b>	<b>-3.3</b>	<b>-1.9</b>	<b>-5.4</b>	<b>0.3</b>
Direct Foreign Investment	-124.8	39.8	217.0	-52.8	-8.8
GDP %	-0.3	0.1	0.5	-0.1	0.0
<b>International Reserves</b>	7,851.3	8,915.1	9,878.2	9,511.4	9,971.0
GDP %	16.9	19.4	20.7	19.9	19.9
<b>Public Sector</b>					
<i>(GDP %)</i>					
<b>Income</b>	14.2	13.5	13.7	14.0	12.6
<i>Which: Taxation Income represents</i>	10.0	9.5	9.8	10.2	9.3
<b>Expenses</b>	17.0	19.7	17.3	17.0	14.7
<i>Which: Payment of interests represents</i>	0.8	1.1	1.1	1.2	1.5
<b>Primary Balance</b>	-2.0	-5.1	-2.5	-1.8	-0.5
<b>Taxable income</b>	-2.8	-6.1	-3.6	-2.9	-2.1
<b>Total Debt of the Public Sector</b>	22.9	33.8	33.8	35.8	37.4
<b>Public External Debt</b>	18.7	29.0	29.3	31.7	32.9
% of the Total Public Debt	81.7	85.9	86.7	88.5	87.9
<b>Domestic Public Debt</b>	4.2	4.8	4.5	4.1	4.5
% of the Total Public Debt	18.3	14.1	13.3	11.5	12.1
<b>Service of the Domestic Public Debt</b>	1.3	1.6	1.6	1.8	0.3



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**References:**

1) Remarks and Sources: Chart prepared by the Directorate of Indebtedness Policy (DPE, Ministry of Finance), including data of the Central Bank of Paraguay (BCP, Statistical Schedule as of 26/12/2023) and the Ministry of Finance.

1. The exchange rate corresponds to the one of the last working days of the year.
2. Income and Expenses as of november, 2023 are preliminary.
3. These letters shall have the following meanings: M: month (i.e., M11: November); T: Quarter (i.e., T01: quarter 1); n/a: non-available, ME: Foreign Currency; fdp: end of period.
4. (\*) means preliminary data subject to changes and (\*\*) projections.
5. Data after 2012 are preliminary and they may be subject to reviews.
6. The Economy Structure includes data in Guaranies as of 2014. Historical data as well as projections correspond to the BCP.
7. Inflation as of November, 2023 corresponds to the goal rate of inflation established by the BCP.
8. Other services include: transportation; financial intermediation; residential lease; services rendered to companies; hotels and restaurants and services rendered to households.
9. Binationals mean currency income as energy cession of Paraguay to Argentina and Brazil, corresponding to the hydroelectric plants Yacyreta and Itaipu. The Real Sector and Economy Structure projections are figures prepared by the BCP.
10. Public Sector data are figures prepared by the Ministry of Finance. Since 2015, a migration has been performed to the methodology contemplated in the Manual on Statistics of the Public Finances 2001 (MEFP 2001)
11. Exports and imports as of 2023 correspond to November, 2023 (2023, M11).
12. Exports include re-exports and other exports. The inter-annual variation of exports/imports as of November, 2023 (Nov, 2023/Nov, 2022) obtains the accrued variation of exports/imports of the total exports and imports accrued from November, 2023, concerning the same period of the year 2022.

